

This document, dated 12 June 2003, comprises the UK supplement (“**UK Supplement**”) and includes additional information, as required by the listing rules made under section 74 of the Financial Services and Markets Act 2000 (the “**FSMA**”). The (i) UK Supplement, (ii) *document de référence* dated 4 April 2003 (2002 Annual Report) (“*Document de référence*”), (iii) update (*actualisation*) to the *Document de référence* dated 5 June 2003, and (iv) *note d’opération* dated 11 June 2003 (“*Note d’opération*”), together comprise a prospectus for a rights issue of new Lafarge shares in the United Kingdom (the “**UK Prospectus**”) and the UK Supplement should be read in conjunction with the *Note d’opération* and the *Document de référence*, as updated.

The United Kingdom Listing Authority (“**UKLA**”) has mutually recognised the UK Prospectus pursuant to and in accordance with the provisions for mutual recognition set out in Chapter 17 of the UKLA’s Listing Rules and Part VI of the FSMA. The UK Prospectus has been delivered to the Registrar of Companies for England and Wales for registration in accordance with section 83 of the FSMA.



French corporation (*société anonyme*) with a share capital of € 531,521,732  
Registered headquarters: 61, rue des Belles Feuilles, 75116 Paris  
Registered with the Paris Registry of Companies and Commerce under number 542 105 572

Rights issue of 4 new Lafarge shares for every 17 existing Lafarge shares at a price of € 41 per share
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Terms and conditions for the rights issue of new Lafarge shares are set out in the *Note d’opération*.

The holders of existing Lafarge shares and Lafarge shares created from the exercise by holders of certain outstanding subscription options or from the conversion of certain convertible bonds (“**OCEANES**”) issued by Lafarge are entitled to subscribe for new Lafarge shares under the rights issue.

Pursuant to Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier*, the *Note d’opération* received visa no. 03-563 on 11 June 2003 from the French *Commission des opérations de bourse* in accordance with its regulation no. 98-01.

Lafarge’s annual report (*Document de référence*) for fiscal year 2002 was filed with the *Commission des opérations de bourse* on 4 April 2003 (registration number D.03-0375) and was updated on 5 June 2003.

English language copies of this document and the *Note d’opération* and the *Document de référence* and its update of 5 June 2003 are available without charge at Lafarge’s corporate headquarters, the institutions designated to receive subscriptions and from the paying agent details of which are set out in Section B3 of this UK Supplement.

These documents are also available for inspection at the Document Viewing Facility of the United Kingdom Listing Authority, 25 North Colonnade, London E14 5HS, tel. no. (0) 207 676 1000.

Existing Lafarge shares are traded on the *Premier marché* of Euronext Paris S.A. and on the overseas market for listed securities of the London Stock Exchange plc (the “**London Stock Exchange**”), on the New York Stock Exchange in the form of American Depositary Shares and in the form of shares, on the Official Market (*amtlicher Handel*) of the Frankfurt Stock Exchange and on the Dusseldorf Stock Exchange.

Admission of the new Lafarge shares on the *Premier marché* of Euronext Paris S.A. will be requested in view of their listing on 15 July 2003.

Application has been made to the UKLA and to the London Stock Exchange for the new Lafarge shares to be admitted to the Official List of the UKLA and to trading on the London Stock Exchange’s market for listed securities. It is expected that admission of the new Lafarge shares to the Official List and trading on the London Stock Exchange’s market for listed securities will become effective on 15 July 2003.

## A. PERSONS ASSUMING RESPONSIBILITY FOR THE UK PROSPECTUS

### 1. Persons responsible for the UK Prospectus

Mr. Bernard Kasriel  
Chief Executive Officer (*Directeur Général*)

Mr. Jean-Jacques Gauthier  
Chief Financial Officer (*Directeur Général Adjoint, Finance*)

### 2. Responsibility Statement

We accept responsibility for the information contained in this document. To the best of our knowledge and belief (after having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Mr. Bernard Kasriel  
Chief Executive Officer  
(*Directeur Général*)

Mr. Jean-Jacques Gauthier  
Chief Financial Officer  
(*Directeur Général Adjoint, Finance*)

## B. ADDITIONAL INFORMATION

### 1. Timetable for the rights issue of new Lafarge shares

	<u>Rights issue of new Lafarge shares</u>
Ex-rights Date/Record date .....	19 June 2003
Subscription Period .....	From: 19 June 2003 To: 2 July 2003
Sale of subscription rights .....	From: 19 June 2003 To: 2 July 2003
Settlement Date and first day of dealings on Euronext Paris and on Official List of UKLA ..	On or about 15 July 2003

### 2. United Kingdom tax treatment of the rights issue of the new Lafarge shares

The comments below are of a general nature and are based on current United Kingdom (“UK”) law and Inland Revenue practice at the date of this UK Prospectus. The summary only covers the principal UK tax consequences of the issue of preferential subscription rights (the “**Rights Issue**”) for holders of existing Lafarge shares as at the date of this UK Prospectus (1) who are resident or, in the case of an individual, ordinarily resident in the United Kingdom for UK tax purposes; (2) who are not resident in France; (3) who do not have a permanent establishment or fixed base in France with which the holding of Lafarge shares is effectively connected; (4) who are not companies which, alone or together with one or more associated companies, control directly or indirectly 10% or more of the voting power of Lafarge; and (5) who are the absolute beneficial owners of the Lafarge shares they hold (“**UK Holders**”). In addition, the summary only addresses the tax consequences for UK Holders who hold the Lafarge shares as capital assets and does not address the UK tax consequences which may be relevant to certain other categories of UK Holder such as, for example, dealers. It does not address the position with regard to UK Holders who hold their Lafarge shares pursuant to any employee share scheme, plan or arrangement, or the consequences of any conversion of OCEANEs into Lafarge shares.

*The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular UK Holder. Accordingly, shareholders should satisfy themselves as to the overall tax consequences of the Rights Issue with regard to their own particular circumstances by consulting their own tax advisers.*

#### 2.1 Taxation of chargeable gains

It is anticipated that no UK Holder should be liable to UK taxation on chargeable gains on the grant of the subscription rights pursuant to the Rights Issue.

### **2.1.1 Right to subscribe for Lafarge shares by way of entitlement without reduction**

For the purposes of the UK taxation of chargeable gains, if UK Holders take up all or part of their irreducible right to the new Lafarge shares, their existing Lafarge shares and the new Lafarge shares taken up will be treated as the same asset acquired at the time their existing Lafarge shares were acquired. The subscription monies for the new Lafarge shares will be added to the original cost of their existing holding of Lafarge shares for tax purposes (the “**original base cost**”). For UK Holders within the charge to UK corporation tax, the subscription monies for the new Lafarge shares will be taken into account for the purposes of calculating the indexation allowance only from the time at which such UK Holder made or became liable to make payment of such monies. For other UK Holders, the subscription monies will not be taken into account when calculating the indexation allowance, if any, applicable to a subsequent disposal of the Lafarge shares.

### **2.1.2 Right to subscribe for Lafarge shares by way of entitlement subject to *pro rata* reduction**

If UK Holders take up their reducible right to further Lafarge shares, such Lafarge shares will be treated as a new acquisition of Lafarge shares for the purposes of the UK taxation of chargeable gains and will **not** be treated as the same asset acquired at the time such UK Holders’ existing Lafarge shares were acquired.

### **2.1.3 Disposal of rights**

On a disposal of the rights issued pursuant to the Right Issue, it is likely that any consideration received will be apportioned between that which relates to (a) the right to subscribe for Lafarge shares by way of an entitlement without reduction and (b) that which relates to the right to subscribe for Lafarge shares by way of an entitlement subject to *pro rata* reduction.

In relation to any disposal of the rights to subscribe for Lafarge shares by way of an entitlement without reduction, or any amounts received in respect of such rights, UK Holders will be treated as having made a part-disposal of their existing Lafarge shares for the consideration they received. This will entitle them to utilise part of their base cost in their existing Lafarge shares when deciding whether any chargeable gain is realised by virtue of that part-disposal. Depending on their circumstances, they may be subject to UK tax on any chargeable gain so realised.

If the consideration received is either £3,000 or less, or is no more than 5% of the value of the existing Lafarge shares at the date of the disposal, then, subject to objection by the taxpayer, no chargeable gain is realised at that time, and the amount of the consideration received for the disposal of the rights to subscribe for Lafarge shares by way of an entitlement without reduction will be deducted from the original base cost of the existing Lafarge shares. However, this treatment does not apply where the original base cost of the existing Lafarge shares at the date of the disposal is nil or is less than the consideration received. If the original base cost is nil then all the consideration received (less any costs of disposal) will be a chargeable gain. If the original base cost is less than the amount of the consideration received then the UK Holder may elect that the consideration received is reduced by the amount of the original base cost in its entirety, with only the balance of the consideration being chargeable to tax as a gain.

In relation to the disposal of or amounts received in respect of the rights to subscribe for Lafarge shares by way of an entitlement subject to *pro rata* reduction, UK Holders may, depending on their circumstances, incur a liability to UK taxation of chargeable gains in respect of the consideration received.

### **2.1.4 Other disposals**

If all or some of the new Lafarge shares to which the UK Holders become entitled are sold, or otherwise disposed of, such UK Holders may, depending on their circumstances, incur a liability to UK taxation on any chargeable gain thus realised. For UK Holders within the charge to UK corporation tax such gain may be subject to indexation relief. Other UK Holders may have the benefit of taper relief in respect of such gain.

## **2.2. Stamp duty and stamp duty reserve tax**

No UK stamp duty (“**stamp duty**”) or UK stamp duty reserve tax (“**SDRT**”) is payable in respect of the issue or transfer of any subscription rights granted pursuant to the Rights Issue (the “**Subscription Rights**”) provided that no register of such Subscription Rights is kept in the UK and provided that any instrument of transfer in relation to such Subscription Rights is executed outside the United Kingdom and subsequently remains at all times outside the United Kingdom.

No SDRT will be payable on an agreement to transfer Lafarge shares on sale provided that they are not registered in a register kept in the United Kingdom by or on behalf of Lafarge. If relevant, SDRT is generally payable at the rate of 0.5% of the price paid on the sale.

No *ad valorem* stamp duty will be payable on a transfer on sale of Lafarge shares provided that the instrument of transfer is executed outside the United Kingdom and subsequently remains at all times outside the United Kingdom.

If relevant, stamp duty is generally payable at the rate of 0.5% of the price paid on the sale. Interest on unpaid duty (and penalties) may be payable in respect of an instrument of transfer which has been executed outside the United Kingdom and which is subsequently brought into the United Kingdom and stamped.

## **2.3 Taxation of dividends**

### **2.3.1. Withholding/*Avoir Fiscal***

For UK tax purposes, the gross amount of a dividend (and the amount of the *avoir fiscal* receivable, if any, in respect of a dividend) paid to a UK Holder, including any French withholding tax deducted therefrom, will be included in gross income as dividend income in the tax year (or, in the case of UK corporation tax payers, the accounting period) in which each such payment is received. On making the appropriate claim, UK Holders of Lafarge shares will generally be entitled to a foreign tax credit for the French withholding tax deducted from the dividend and any *avoir fiscal*, against their UK tax liability thereon, after taking into account any right to have such withholding tax reduced under the UK-France double tax treaty.

### **2.3.2 *Précompte***

For UK tax purposes, the amount of the *précompte* to which a UK Holder is entitled, if any, will be included in gross income as dividend income in the tax year (or, in the case of UK corporation tax payers, the accounting period) in which such payment is received. On making the appropriate claim, UK Holders of Lafarge shares will generally be entitled to a foreign tax credit for the French withholding tax deducted from the payment, against their UK tax liability thereon, after taking into account any right to have such withholding tax reduced under the UK-France double tax treaty.

## **3. UK Paying Agent**

In the UK, J.P. Morgan Chase Bank (London Branch), Trinity Tower, 9, Thomas More Street, London E1W 1YT acts as paying agent for Lafarge shares. There is no registrar in the UK in relation to Lafarge shares.

## **4. Notice of meetings**

In accordance with French law, the principal method by which notices of meetings and other notices are given by Lafarge to UK resident holders of Lafarge shares is by publication in the *Bulletin des Annonces Légales Obligatoires*. Lafarge notifies and will continue to notify shareholders resident in the UK of the convening of any general meeting of Lafarge by means of publication of a notice in the Financial Times.

## **5. Stabilisation**

In connection with this offering, J.P. Morgan Securities Ltd. or any person acting for J.P. Morgan Securities Ltd., may over-allot or effect transactions with a view to supporting the market price of the new Lafarge shares, the rights or the OCEANEs at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligations on J.P. Morgan Securities Ltd or any agent to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

Translation of the *Note d'Opération* prepared by Lafarge, which received visa no. 03-563 from the *Commission des opérations de bourse* on 11 June 2003. For information purposes only.



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

## NOTE D'OPÉRATION

MADE AVAILABLE TO THE PUBLIC IN RELATION TO AN INCREASE IN SHARE CAPITAL FOR CASH THROUGH THE ISSUE OF 31,268,612 NEW SHARES WITH PREFERENTIAL SUBSCRIPTION RIGHTS FOR A MINIMUM AGGREGATE AMOUNT OF € 1,282,013,092 INCLUDING ISSUE PREMIUM<sup>1</sup>

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

**COB**

### Visa of the *Commission des opérations de bourse*

Pursuant to articles L 412-1 and L 621-8 of the Monetary and Financial Code, this *note d'opération* has received visa no. 03-563 dated 11 June 2003 of the *Commission des opérations de bourse* in accordance with the provisions of its regulation no. 98-01. This prospectus has been prepared by the issuer and is the responsibility of the signatories. A visa does not imply approval of the appropriateness of the offer nor the accuracy of the accounting and financial details included therein. It has been attributed following an examination of the relevance and coherence of the information given in the context of the offer made to investors.

This prospectus consists 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 the *document de référence*, which was filed with the *Commission des opérations de bourse* on 5 June 2003 and;
- this *note d'opération*.

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



**JPMorgan**

**Joint Lead Managers and Joint Bookrunners**

<sup>1</sup> The number of new shares may be increased to a maximum amount of approximately € 1,351,689,148 including issue premium, through the issue of 1,699,416 additional shares if holders of options granted by Lafarge to subscribe to new shares with preferential subscription rights exercise the preferential subscription rights attached to such shares (see paragraph 2.1.3.1 herein) or if shareholders choose to receive their dividend in the form of shares (see paragraph 2.1.3.3 herein).

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## LAFARGE

### PRINCIPAL CHARACTERISTICS OF THE INCREASE IN SHARE CAPITAL THROUGH THE ISSUE OF SHARES TO BE SUBSCRIBED FOR CASH

(COB visa number 03-563 dated 11 June 2003)

#### ISSUER

Lafarge, a *société anonyme* active in the construction materials sector.

#### 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 small- and medium-sized acquisitions in the Company's Cement activities and in the Company's Aggregates activities in Europe and in North America. The projects also include the construction of new factories. 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 (including issue premium) 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 inclusive, 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 inclusive 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 inclusive on the same basis as other shareholders.

**Period of subscription:**

From 19 June 2003 inclusive to 2 July 2003 inclusive.

**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 <i>Bulletin des Annonces Légales Obligatoires</i> .
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.

## 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 on Offer, Sale and Subscription

Distribution of this *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 this *note d'opération* should familiarise himself and comply with any local restrictions.

Any person who receives this *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 this *note d'opération* in such a jurisdiction must draw the recipient's attention to this paragraph.

## 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 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
- 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 Cedex 9, France.

## INVESTOR CONTACT INFORMATION

### **Institutional investors and financial analysts:**

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delphine.bueno@lafarge.com

## AVAILABILITY OF THIS PROSPECTUS

The prospectus consists 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 (*actualisation*) to the *document de référence*, which was filed with the *Commission des opérations de bourse* on 5 June 2003; and
- this *note d'opération*.

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

## **1. PERSONS ASSUMING RESPONSIBILITY FOR THIS PROSPECTUS AND THE AUDIT OF THE ACCOUNTS**

### **1.1 PERSONS RESPONSIBLE FOR THE PROSPECTUS**

- Bernard Kasriel, *Directeur Général* of Lafarge; and
- Jean-Jacques Gauthier, *Directeur Général Adjoint, Finance* of Lafarge.

### **1.2 CERTIFICATION OF THE PERSONS RESPONSIBLE FOR THE PROSPECTUS**

“To the best of our knowledge, all the information in this prospectus is true and accurate; this document contains all the information necessary to enable investors to form an opinion as to the assets and liabilities, activities, financial position and financial results and future prospects of Lafarge as well as to the rights attached to the securities being offered; this document does not omit any information which could make it misleading.”

Jean-Jacques Gauthier  
*Directeur Général Adjoint*  
*Finance*

Bernard Kasriel  
*Directeur Général*

### **1.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE ACCOUNTS**

#### **Statutory Auditors**

- Deloitte Touche Tohmatsu, 185, avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, represented by M. Arnaud de Planta, first appointed in 1994, mandate renewed at the general meeting of shareholders held on 25 May 2000 and expiring at the end of the general meeting of shareholders called to approve the accounts for the 2005 financial year, or a period of six financial years.
- M. Thierry Karcher, 21 rue d'Artois, 75008 Paris, replacing Cogercor-Flipo, who resigned. First and current appointment made at the general meeting of shareholders held on 28 May 2002. Mandate expires at the end of the general meeting of shareholders called to approve the accounts for the 2005 financial year, or a period of four financial years.

#### **Substitute Auditors**

- BEAS, 7-9, villa Houssay, 92200 Neuilly-sur-Seine, first and current appointment made at the general meeting of shareholders held on 25 May 2000. Mandate expires at the end of the general meeting of shareholders called to approve the accounts for the 2005 financial year, or a period of six financial years.
- M. Stéphane Marie, Corevise, 20 bis, rue Boissière, 75116 Paris, first and current appointment made at the general meeting of shareholders held on 28 May 2002. Mandate expires at the end of the general meeting of shareholders called to approve the accounts for the 2007 financial year, or a period of six financial years.

### **1.4 CERTIFICATION OF THE PERSONS RESPONSIBLE FOR THE AUDIT OF THE ACCOUNTS**

“As statutory auditors of Lafarge Company and as required under Rule 98-01 of the *Commission des Opérations de Bourse*, we have performed procedures on the information relating to the historical financial statements of the company contained in the Prospectus and prepared as part of the increase share capital in cash by issuance of new shares with their preemptive subscription rights, in accordance with professional standards applicable in France. The prospectus includes:

- the Reference Document (*Document de référence*) filed with the COB on 4 April 2003 under No. D.03-0375;
- the Update (*Actualisation*) to the Reference Document filed with COB on 5 June 2003;
- the “*note d'opération*”.

Messrs. Bernard Kasriel, Chief Executive Officer and Jean-Jacques Gauthier, Executive Vice President Finance are responsible for the preparation of the Prospectus. Our responsibility is to report on the fairness of the information presented in the Prospectus with respect to the financial statements.

With respect to the whole prospectus, our work has been performed in accordance with professional standards applicable in France. Those standards require that we assess the fairness of the information presented in the Prospectus relating to the financial statements and its consistency with the financial statements on which we have issued a report. Our work also includes reading the other information contained in the Prospectus, in order to identify material inconsistencies with the information presented with respect to the financial statements and to report any apparent misstatement of facts that we may have uncovered in reading the other information based on our general knowledge of the Company obtained during the course of our engagement, it being specified that the Prospectus does not contain any projected data.

With respect to the Reference Document (*Document de référence*) filed with the COB on 4 April 2003 under No. D.03-0375 and the Update (*Actualisation*) to the Reference Document filed with COB on 5 June 2003, as statutory auditors of Lafarge and pursuant to Rule 98-01 of the *Commission des opérations de bourse* (“COB”), we have performed procedures in accordance with professional standards applicable in France on the information relating to the financial condition and the historical financial statements of the Company set forth in the Reference Document (*Document de référence*) filed with the COB on 4 April 2003 under No. D.03-0375, as well as in the Update (*Actualisation*) to the Reference Document.

Messrs. Bertrand Collomb, Chairman and Chief Executive Officer, and Jean-Jacques Gauthier, Executive Vice-President Finance, are responsible for the preparation of the Reference Document, and Messrs. Bernard Kasriel, Chief Executive Officer, and Jean-Jacques Gauthier, Executive Vice-President Finance, are responsible for the preparation of the Update. Our responsibility is to report on the fairness of the information relating to the financial condition and the financial statements of the Company presented in the Reference Document and the Update.

In a report dated 3 April 2003, we concluded that, based on the diligence procedures we performed, we had no matters to report regarding the fairness of the information relating to the financial condition or the financial statements of the Company contained in the Reference Document.

In a report dated 4 June 2003, we concluded that, based on the diligence procedures we performed, we had no matters to report regarding the fairness of the information relating to the financial condition or the financial statements of the Company contained in the Reference Document and its Update.

The Company and its consolidated financial statements for the year ended December 31, 2000, approved by the Board of Directors in accordance with French Generally Accepted Accounting Principles (French GAAP), were audited by Deloitte Touche Tohmatsu and Cogercio Flipo in accordance with professional standards applicable in France and certified without qualification. The following observation was made: “Without qualifying the opinion presented in our report we would draw your attention to Note 1 L) to the consolidated financial statements for the year ended December 31, 2000 presented in this reference document, which discloses the change in accounting method resulting from the application, with effect from January 1, 2000, of the new regulation issued by the Accounting Regulation Committee applicable to consolidated financial statements”.

The Company and its consolidated financial statements for the year ended December 31, 2001, approved by the Board of Directors in accordance with French GAAP, were audited by Deloitte Touche Tohmatsu and Cogercio Flipo in accordance with professional standards applicable in France, and were certified without qualification or observation.

The Company and its consolidated financial statements for the year ended December 31, 2002, approved by the Board of Directors in accordance with French GAAP, were audited by us in accordance with professional standards applicable in France, and were certified without qualification or observation.

Based on the procedures performed, we have no matters to report regarding the fairness of the information relating to the financial statements presented in the Prospectus.”

Neuilly-sur-Seine and Paris, 11 June 2003.

The Auditors

**DELOITTE TOUCHE TOHMATSU**  
Arnaud de Planta

Thierry Karcher

## 1.5 PERSONS RESPONSIBLE FOR THE INFORMATION

### **Institutional investors and financial analysts:**

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Lafarge  
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### **Individuals:**

Delphine Bueno  
*Toll free numbers (France only)*  
For information about the issue : 0800 235 235  
For information about Lafarge shares and fully registered accounts (at CCF) : 0800 06 06 46  
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## 2. ISSUE AND ADMISSION OF THE NEW SHARES TO THE PREMIER MARCHE OF EURONEXT PARIS S.A.

### 2.1 INFORMATION RELATING TO THE ADMISSION OF SHARES TO THE DEFERRED PAYMENT MARKET (*SERVICE A REGLEMENT DIFFERE*) OF THE *PREMIER MARCHE*

#### 2.1.1 Nature, category, number, nominal value, form, date from which the new shares bear rights

The increase in the share capital of Lafarge (“Lafarge” or the “Company”) will be carried out with preferential subscription rights entitling holders to 4 new shares for 17 existing shares with a nominal value of € 4.

The subscription period will run from 19 June 2003 to 2 July 2003 inclusive.

The 31,268,612 shares to be issued with a nominal value of € 4 each may be increased by a maximum of approximately 1,699,416 new shares through the exercise of preferential subscription rights attached to shares resulting from the possible exercise of options to subscribe shares and the decision by any shareholders to receive their dividend in the form of shares, as described in paragraphs 2.1.3.1 and 2.1.3.3 below.

The new shares to be issued in this share capital increase shall be of the same category and shall be fungible with the Lafarge shares that are admitted for trading on the *Premier Marché* of Euronext Paris S.A. (Sicovam Code: 12053). They shall bear rights from the date of their issuance (and thus will give full rights to any dividend voted from their date of issue). Nevertheless, in determining double voting rights and loyalty dividends, the date on which the shares are listed in the shareholder’s registered account (*compte nominatif des actions*) shall be the record date. The shares may be registered or bearer shares, at the shareholder’s option. The Company shall be able to identify shareholders by means of a TPI (*titres au porteur identifiable*) check.

#### 2.1.2 Percentage of capital and voting rights represented by the new shares

Based on the share capital of Lafarge at 20 May 2003 of € 531,566,420, the share capital increase would amount to € 125,074,448 through the issue of 31,268,612 new shares (without taking into account the shares issued following the exercise of the options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares) a 23.53% increase in the share capital and a 22.10 % increase in voting rights of Lafarge as at that date. The maximum potential share capital increase would amount to approximately € 131,872,112 through the issue of 32,968,028 new shares (including the shares issued following the exercise of the options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares) a 24.81 % increase in the share capital and a 23.30 % increase in voting rights of Lafarge as at the same date.

### 2.1.3 Exercise of options to subscribe for shares, options to purchase shares, conversion of OCEANEs into new shares and dividend reinvestment option

#### 2.1.3.1 Options to subscribe for shares and options to purchase shares

The beneficiaries of options to subscribe for or purchase shares granted by Lafarge to some of the employees of the Lafarge group and some of its corporate officers who have exercised such options prior to 19 June 2003 will receive, upon the exercise of such options, shares with preferential subscription rights allowing them, if they so wish, to subscribe to the issuance of new shares on the same basis as the other shareholders of the Company up until 2 July 2003 inclusive.

The exercise of options to subscribe for or purchase shares described above shall be suspended from 19 June 2003 to 15 July 2003 inclusive, in accordance with applicable laws and regulations and with the provisions of the plans in respect of such options subscribe for or purchase Lafarge shares.

The rights of the beneficiaries of options to subscribe for or purchase shares described above who have not exercised their options prior to 19 June 2003 shall be maintained in accordance with applicable laws and regulations and with the provisions of the plans in respect of such options to subscribe for or purchase Lafarge shares.

Among the options to subscribe for shares granted by Lafarge, those allocated on 15 December 1999 may not be exercised before 15 December 2004; those allocated on 13 December 2001 may not be exercised before 13 December 2005; those allocated on 28 May 2002 may not be exercised before 28 May 2006; and those allocated on 11 December 2002 may not be exercised before 11 December 2006; in accordance with the respective provisions of these options plans to subscribe for Lafarge shares, the rights of the holders of these options to subscribe for shares will be maintained in accordance with applicable laws and regulations.

As at 20 May 2003, 1,278,582 exercisable options to subscribe shares existed, allowing for the creation of up to 1,278,582 shares with a nominal value of € 4.

Among the options to purchase shares granted by Lafarge to certain salaried employees of the Lafarge group and certain of its corporate officers, those allocated on 10 December 1998 may not be exercised before 10 December 2003, those allocated on 13 December 2000 may not be exercised before 13 December 2005, and those allocated on 28 May 2001 may not be exercised before 28 May 2006; in accordance with the respective provisions of these options plans to purchase Lafarge shares, the rights of the beneficiaries of these options to purchase shares will be maintained in accordance with laws and regulations.

As at 20 May 2003, 422,207 exercisable options to purchase shares existed, granting rights to 422,207 existing shares with a nominal value of € 4 each.

#### 2.1.3.2 OCEANEs

- The holders of OCEANEs issued by Lafarge who exercised their right to receive shares by 31 May 2003 inclusive will receive on 10 June 2003, upon conversion or exchange of such OCEANEs, shares that will bear preferential subscription rights allowing them, should they so choose, to subscribe to the issuance of new shares on the same basis as other shareholders of the Company from 19 June 2003 to 2 July 2003 inclusive.
- In accordance with the terms of the OCEANEs described in the *prospectus* that received visa no. 01-0870 dated 20 June 2001 from the *Commission des opérations de bourse* (the “Issue Agreement”), the holders of OCEANEs who convert or exchange their OCEANEs into shares during the month of June will receive shares that do not bear preferential subscription rights allowing them to subscribe to this capital increase on the seventh business day following the last business day of June. However, their rights shall be maintained by means of adjustment in the allocation ratio in accordance with the Issue Agreement. The new allocation ratio will be communicated to the holders of OCEANEs by means of a notice that will be published in the *Bulletin des Annonces Légales Obligatoires*, in a nationally distributed financial newspaper and in a notice issued by Euronext Paris S.A.
- As of 20 May 2003, there were 10,236,221 OCEANEs outstanding. As the conversion or exchange ratio for OCEANEs is presently one share of Lafarge with a nominal value of € 4 for one OCEANE, they are currently “out of the money”. Holders of OCEANEs currently have no financial interest in receiving Lafarge shares and therefore the chance that any holders would do so is minimal.

### 2.1.3.3 *Dividend reinvestment option*

The combined general meeting of shareholders of 20 May 2003 decided, in its third resolution, to give shareholders the option between 2 June and 20 June to receive their dividend in the form of shares upon demand at the office of the company's paying agent.

The Board of Directors decided on 11 June 2003 that 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.

On the basis of the € 305,637,447.64 dividend approved by the combined shareholders' meeting on 20 May 2003, the maximum number of shares that could be issued if all shareholders decide to receive their dividend in the form of shares would be approximately 5,943,941 shares.

### 2.1.3.4 *Number of new shares to be issued as a result of the exercise of the preferential subscription rights attached to new shares arising from any exercise of options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares*

The minimum number of new shares created in the context of this increase in share capital (31,268,612 shares) shall be increased, as the case may be, by the number of shares issued following the exercise of the preferential subscription rights attached to the shares issued upon any exercise of the options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares, as described in paragraphs 2.1.3.1 and 2.1.3.3 above. In the event that all the exercisable options to subscribe for shares are exercised prior to 19 June 2003 and all shareholders elect to reinvest their dividend into shares, the number of new shares issued as a result of the exercise of such preferential subscription rights would be a maximum of approximately 1,699,416 shares, or a maximum total increase in nominal share capital of approximately € 131,872,112 through the issue of 32,968,028 new shares.

## 2.1.4 **Expected listing date for new shares**

It is expected that the new shares will be listed on the *Premier Marché* of Euronext Paris S.A. on 15 July 2003. It is also expected that the new shares will be listed on the London Stock Exchange and as ADSs on the New York Stock Exchange.

## 2.1.5 **Financial and securities services**

Financial and securities services for Lafarge's shares are carried out by Crédit Commercial de France.

## 2.2 **INFORMATION RELATING TO THE ISSUE**

### 2.2.1 **Authorisations**

#### 2.2.1.1 *Shareholders' meeting authorising the issue*

The combined general meeting of the shareholders of Lafarge (*assemblée générale mixte*) held on 20 May 2003, acting in the quorum and majority conditions of an extraordinary general meeting of shareholders (*assemblée générale extraordinaire*), took the following decision in its twelfth resolution, which is reproduced fully below:

“Shareholders, having taken due note of the Directors' Report and the Auditors' Special Report, and voting in accordance with Article L 225-129 § III, subparagraph 3 of the Commercial Code,

- cancel, with immediate effect, the authorization granted by the Extraordinary General Meeting of May 28, 2001 in its eleventh resolution;

- confer on the Board for a duration of 26 months as from the date of this Extraordinary General Meeting, full powers to issue, with shareholders' preferential subscription rights, shares and securities — including unattached stock subscription warrants issued gratuitously or for valuable consideration — conferring immediate and/or future rights to shares of the Company, to be settled by way of cash or capitalization of debt.

The total of all share capital increases performed immediately or in the future pursuant to this authorization may not exceed EUR 200 million, it being understood that:

- within this limit,
  - issues of voting or non-voting preferred stock may not result in an increase in the share capital of the Company in excess of EUR 100 million par value;
  - issues of investment certificates may not result in an increase in the share capital of the Company in excess of EUR 100 million par value;
  - issues of bonds with stock subscription warrants attached may not result in an increase in the share capital of the Company in excess of EUR 160 million par value;
  - the share capital increase resulting from the exercise of unattached stock subscription warrants may not exceed EUR 160 million par value.
- the above limits do not take into consideration the impact on the par value amount of each share capital increase, consisting of securities conferring future rights to shares of common stock (including stock subscription warrants), of potential adjustments made to protect, in accordance with the law, the rights of holders of these securities during their period of validity from future transactions entailing such adjustments;

The securities issued conferring rights to shares of the Company, may namely include bonds or be linked with the issue of such securities, or enable their issue as intermediate securities. The bonds may take the form of perpetual or fixed-term subordinated securities, be accompanied or not by collateral or guarantees and be denominated in euro or any of its national sub-currencies, any other foreign currency or any monetary unit determined by reference to more than one currency. Issues of such loan notes may not exceed EUR 5 billion par value or its foreign currency or monetary unit equivalent as of the date the issue is decided. This limit applies to all loan note issues performed pursuant to the authorizations granted by this Extraordinary General Meeting but is independent of all loan note issues not conferring rights to shares of the Company authorized by the tenth resolution above. This amount is net of any redemption premiums stipulated. The loan term may not exceed thirty years in the case of redeemable, convertible or otherwise transformable loan notes.

The loans may bear interest at fixed and/or floating rates, with or without capitalization, be redeemed on maturity with or without a premium or repaid over the life of the loan. They may be purchased on the stock exchange or be the subject of a purchase or exchange offering by the Company.

The Board may grant shareholders subscription rights in relation to shares or other securities, to be exercised in proportion to their rights and up to the amounts requested by them. Where subscriptions as of right, and if applicable, excess subscriptions, do not cover the entire issue, the Board may use one and/or other of the following facilities, in the order it sees fit: limit, in accordance with the law, the number of securities issued to the amount of subscriptions received, provided this is at least equal to three quarters of the issue decided, or freely allot all or part of the securities not subscribed or offer all or part of them to the public for subscription in France and/or, where appropriate, abroad, and/or on the international financial markets.

Shareholders:

- expressly waive their preferential rights to the shares to which these securities shall confer entitlement in favor of the holders of the securities;
- expressly waive their preferential subscription rights to the shares to which securities in the form of convertible bonds shall confer entitlement, and to shares of the common stock to which unattached stock subscription warrants shall confer entitlement.

The Board will determine the terms, conditions and amount of each issue. More particularly, it will determine the class of shares or securities to be issued, and set, taking into account the provisions contained in its report, the subscription price of the securities (with or without premium), the method by which they should be

paid up, their record date (which may be retroactive) and, where applicable, the duration and exercise price of the warrants or the terms under which such securities shall confer rights to shares of the common stock of the Company.

Shareholders resolve that the Board shall have, as required by law, full powers including that of delegation within the terms and conditions laid down by law and as set out in the Directors' Report, to implement in accordance with said report, the present resolution and undertake the above noted issues in one or more installments, in the proportion and at the times it considers appropriate, in France and/or, where appropriate, abroad and/or on the international financial markets — and, where necessary, postpone such issues — take due note of the completion of the share capital increase and amend the bylaws accordingly and more generally do all that is necessary to ensure the proper completion of the issues.

The Shareholders specify that the Board:

- must determine, in accordance with the law, the terms under which securities, including warrants conferring rights to shares of the company, may be adjusted to take account of transactions impacting the share capital, and has the right to suspend the exercise of such rights for a period not exceeding three months;
- must acknowledge in the case of an issue of investment certificates the issue of an equivalent number of voting right certificates, allot them as required by law on the basis of a reference date set by the Board in order to determine the beneficiaries and allocate the fractions of voting right certificates, if any, according to the terms set out in the Directors' Report;
- must take all measures and perform all formalities necessary to ensure the admission on a regulated market, the listing and financial servicing of all rights, common stock, securities and warrants issued;
- may set the conditions for bonus issues, issues for valuable consideration and the exercise of unattached stock subscription warrants and determine the terms and conditions for buying or trading securities and/or stock subscription or allotment warrants on the stock market as well as the redemption terms of such securities or warrants;
- may deduct expenses arising from the issue of shares or securities from additional paid-in capital and transfer amounts from this account to the legal reserve to bring it to one-tenth of the par value amount of these increases.

The Board shall inform shareholders of all transactions carried out pursuant to the present authorization at the next Annual General Meeting.

Shareholders resolve that should the Board use the present authorization to issue investment certificates or voting or non-voting preferred stock, it shall have full powers to amend the bylaws, in accordance with the Directors' Report to the Extraordinary General Meeting, in order to confer on the Company the right to buy back said securities in accordance with the law, and must do so prior to any issue of non-voting preferred stock or preferred dividend stock.”

#### *2.2.1.2 The decision of the Board of Directors and the Chairman approving the issue*

Pursuant to the delegation of authority granted by the combined shareholders' meeting referred to above, the Board of Directors of Lafarge, at its meeting held on 11 June 2003, resolved, in the context of the authorisation referred to in paragraph 2.2.1.1 above, to subdelegate to the Chairman the power to increase the share capital with maintenance of preferential subscription rights, up to a maximum amount of 32,000,000 new shares, for a maximum nominal amount of € 128,000,000 before taking into account the exercise of any options to subscribe shares, the conversion into new shares of Lafarge of any OCEANES or the reinvestment of the share dividend, which could increase such amount if such subscription options are exercised, such OCEANES are converted into new shares or the share dividend is reinvested to a maximum nominal amount of € 145,000,000 or 36,250,000 new shares, to be subscribed and paid for in cash and to determine the final conditions of such share capital increase.

Furthermore, the Board of Directors, in the same meeting of 11 June 2003, subdelegated to the Chairman the authority in particular to:

- decide if the subscriptions for the reserved or unreserved rights, if any, do not account for the whole of the issue, in the order in which he determines, either to limit, so long as the subscriptions amount to at

least two-thirds of the authorised issuance, the amount of the transaction to the amount of subscriptions received, or to allocate without restriction all or part of the unsubscribed securities, or to offer them to the public in whole or in part by way of a public offering in France and/or, as the case may be, abroad, and/or on the international market;

- decide that the preferential subscription rights attached to the Company's treasury shares shall be sold on the stock exchange in accordance with Article L.225-210 of the French Commercial Code;
- decide, if the case arises, to suspend the exercise of options to subscribe or purchase shares under option plans set up by the Company, the right to new or existing Lafarge shares by conversion and/or exchange of OCEANEs issued by the Company as well as the anticipated period for the reinvestment of the share dividend within a period not exceeding three months, and make any request or complete any formalities in respect of such suspension; in accordance with legal and regulatory provisions and the terms and conditions of such options and bonds;
- decide that the holders of options to subscribe or purchase shares, holders of OCEANEs and holders who opted for the reinvestment of the share dividend may, according to the exercise dates of their respective exercise and attribution rights, subscribe to shares entitled to preferential subscription rights relating to the capital increase to be approved by the Chairman of the Board of Directors.
- make the adjustments necessary to preserve the rights of holders of options to subscribe or purchase shares as well as holders of OCEANEs, in conformity with the legal and regulatory provisions of such options and OCEANEs;

The Chairman of the Board of Directors, acting pursuant to this subdelegation of the Board, decided on 11 June 2003 to proceed with a capital increase of a minimum nominal amount of € 125,074,488, capable of being increased to a maximum nominal amount of approximately € 131,872,112 as a result of the exercise of preferential subscription rights attached to the shares arising from any exercise of the options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares, as described above, through the issue of 31,268,612 new shares, capable of being increased to a maximum of approximately 32,968,028 new shares with a nominal value of € 4 each, with preferential subscription rights in the ratio of 4 new shares for 17 existing shares, to be subscribed and paid for in cash, on the terms described below.

By this same decision of the Chairman dated 11 June 2003, the exercise of the options to subscribe or purchase shares was suspended as from and including 19 June 2003 and will recommence on 16 July 2003.

### **2.2.2 Subscription price**

- Subscription price: € 41 per share.

Comprising:

- Nominal value: € 4 per share; and
- Issue premium: € 37 per share.

On subscription, the sum of € 41 per subscribed share must be paid, representing the sum of the nominal amount and the issue premium.

Any subscription for which payment has not been made will be cancelled automatically without prior notice.

The amount of the issue premium will be contributed to a reserve "issue premium" account from which shall be deducted the amounts that the Board of Directors or its Chairman, acting under subdelegation of the Board, may withdraw, as he deems appropriate, to defray all or a part of the costs of the increase in share capital or to increase the legal reserve by up to 10% of the increase in share capital.

On the basis of the consolidated accounts at 31 December 2002, consolidated shareholders' equity per share (group share) amounted to:

- € 52.54 before the share capital increase, and would be
- € 50.34 after the issue of 31,268,612 new shares (without taking into account the shares issued as a result of the exercise of options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares), or

- € 50.24 after the issue of 32,968,028 new shares in the event of the exercise of all the preferential subscription rights attached to shares arising from the exercise, prior to 19 June 2003, of all the exercisable options to subscribe for shares and the decision by all shareholders to receive their dividend in the form of shares, as described in paragraphs 2.1.3.1 and 2.1.3.3 above.

### 2.2.3 Number of shares to be issued

31,268,612 new shares, which may be increased by a maximum of approximately 1,699,416 new shares resulting from the exercise of the preferential subscription rights attached to shares that may arise from the exercise of options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares, as described in paragraphs 2.1.3.1 and 2.1.3.3 above.

### 2.2.4 Total amount of new issue

The total amount resulting from the issue of new shares will be € 1,282,013,092 (excluding the exercise of options to subscribe for shares and the decision by any shareholders to receive their dividend in the form of shares), consisting of € 125,074,448 of nominal value and € 1,156,938,644 of issue premium.

If all the preferential subscription rights attached to shares resulting from the exercise prior to 19 June 2003 of all the options to subscribe for shares are in turn exercised and the all shareholders decide to receive their dividend in the form of shares, the issue of the new shares will result in a total amount of approximately € 1,351,689,148, broken down into € 131,872,112 of nominal value and € 1,219,817,036 of issue premium.

### 2.2.5 Terms of the placement

Not applicable.

### 2.2.6 Proceeds and expenses of the increase in share capital

— Gross proceeds from the issue:	€ 1,282,013,092
— Estimated remuneration of financial intermediaries and estimated legal and administrative fees:	€ 54,163,995
— Estimated net proceeds from the issue:	€ 1,227,849,097

If all the preferential subscription rights attached to shares arising from the exercise, before 19 June 2003, of all the exercisable options to subscribe for shares are in turn exercised and the all shareholders decide to receive their dividend in the form of shares and there are no fractional shares, the gross proceeds and the estimated net proceeds of the issue would be as follows:

— Gross proceeds from the issue:	€ 1,351,689,148
— Estimated remuneration of financial intermediaries and estimated legal and administrative fees:	€ 56,967,566
— Estimated net proceeds from the issue:	€ 1,294,721,582

### 2.2.7 Book-entry form for new shares

New shares will be represented in book-entry form (*inscrites en comptes*) and held, at the option of the holder, through:

- Crédit Commercial de France acting on behalf of Lafarge in respect of fully registered shares (*nominatif pur*).
- Crédit Commercial de France acting on behalf of Lafarge and an authorised financial intermediary of the holders' choice in respect of shares in administered registered form (*nominatif administré*).
- an authorised financial intermediary (*intermédiaire financier habilité*) of the holders' choice in respect of shares in bearer form (*porteur*).

## 2.2.8 Restrictions on sales, offers and subscription

### 2.2.8.1 General restrictions

Distribution of this *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 this *note d'opération* should familiarise himself and comply with any local restrictions.

Any person who receives this *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 this *note d'opération* in such a jurisdiction must draw the recipient's attention to this paragraph.

### 2.2.8.2 United States selling restrictions

Neither the new shares nor the preferential subscription rights have been or will be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). The new shares and the preferential subscription rights may not be offered, sold, exercised, or delivered within the territory of the United States, as defined by Regulation S of the U.S. Securities Act, except to qualified institutional buyers, as defined by Rule 144A of the U.S. Securities Act, in a transaction made pursuant to the exemption provided by Section 4(2) under the U.S. Securities Act.

With the exception of the exemption provided by Section 4(2) of the U.S. Securities Act, no envelope containing subscription orders may be mailed from the United States or sent by any other means from the United States and all persons exercising preferential subscription rights and desiring to hold their shares in registered form must provide an address outside the United States.

Any person who acquires new shares or purchases or exercises preferential subscription rights will be considered to have declared, warranted and agreed, by accepting delivery of this *note d'opération* and delivery of new shares or preferential subscription rights either that he is acquiring the shares and/or purchasing or exercising the preferential subscription rights in an offshore transaction as defined by Regulation S of the U.S. Securities Act, or that he is a qualified institutional investor as defined by Rule 144A of the U.S. Securities Act. In order to acquire shares or purchase or exercise preferential subscription rights in the United States, a prospective investor must complete an English language declaration in the form to be provided by Lafarge.

With the exception of the exemption provided by section 4(2) of the U.S. Securities Act, authorised intermediaries may not accept subscriptions for new shares or the exercise of preferential subscription rights of clients who have an address located within the United States and such requests shall be null and void.

### 2.2.8.3 United Kingdom selling restrictions

The *document de référence* of Lafarge, as updated, and this *note d'opération* will be used in support of the public offering of new shares with preferential subscription rights in the United Kingdom. They will be deposited (together with supplementary information significant only for shareholders located in the United Kingdom) with the United Kingdom Listing Authority ("UKLA") for approval in accordance with the provisions for mutual recognition contained in European Directive no. 89/298/CEE, to be used as a prospectus in terms of the UKLA Listing Rules and Part VI of the Financial Services and Markets Act 2000 ("FSMA"). They will also be deposited with the Registrar of Companies for England and Wales for registration in accordance with Section 83 of the FSMA. Until the prospectus is approved by the UKLA, which approval is expected imminently, the *document de référence* of Lafarge, as updated, and this *note d'opération* may not be distributed in the United Kingdom other than to persons to whom they can be lawfully distributed in the United Kingdom.

### 2.2.8.4 Restrictions on offer and subscription in respect of the Federal Republic of Germany

No prospectus within the meaning of the Securities Selling Prospectus Act of the Federal Republic of Germany (*Wertpapier-Verkaufsprospektgesetz*) of 13 December 1990, as amended (the "Securities Selling Prospectus Act") will be published and no public offering will take place in the Federal Republic of Germany. The new shares and/or the preferential subscription rights may only be offered or sold in Germany in accordance with the restrictions set forth in the Securities Selling Prospectus Act.

## 2.2.9 Preferential subscription rights

### 2.2.9.1 *By way of entitlement without reduction:*

The subscription of new shares shall be reserved, in priority, for the holders of existing shares or holders of shares resulting from the exercise of options to subscribe for or purchase shares and shareholders that chose to receive their dividend in the form of shares, or transferees of their preferential subscription rights, who will be able to subscribe at a ratio of 4 new shares of a nominal value of € 4 for 17 existing shares held, without taking fractional shares into account. In order to reach this proportion, one shareholder has agreed in advance to waive its subscription right to four of its shares (or nine of its shares in the case of a maximum capital increase, as described above).

Shareholders or other holders of preferential subscription rights who do not hold sufficient existing shares to obtain a whole number of new shares pursuant to their entitlement on an irreducible basis may exercise their rights jointly, provided that a joint subscription may not result in co-ownership of the resulting shares as Lafarge will only recognise one holder for each share.

### 2.2.9.2 *Subject to reduction of their entitlement:*

Shareholders may, at the same time that they subscribe for their shares to which they are entitled on an irreducible basis, also subscribe, on a reducible basis, for additional new shares over and above those to which they are entitled on an irreducible basis.

Any new shares that are unsubscribed as a result of unexercised rights on an irreducible basis will be allocated to persons exercising such additional subscription rights on a reducible basis. Only those shareholders who have fully exercised their preferential subscription rights to subscribe for the shares to which they are entitled on an irreducible basis will be able to exercise additional subscription rights on a reducible basis.

Subscription orders subject to reduction shall be filled up to the number requested and *pro rata* in proportion to the number of preferential subscription rights exercised by each holder on an irreducible basis, provided that no fractional shares will be delivered.

In the event that a single shareholder submits several subscription orders exercising preferential subscription rights on an irreducible basis, the total number of shares due to him pursuant to his additional subscription rights on a reducible basis will only be calculated on the basis of his total subscription rights on an irreducible basis if the holder so requests in writing not later than the closing date of the subscription period. This special request must be attached to a subscription order and must give all necessary information concerning the rights, setting out the number of subscription orders submitted and the intermediaries with whom such orders were made.

Subscriptions in the name of several holders cannot be grouped together to obtain shares pursuant to the additional subscription rights on a reducible basis.

A notice will be published in a legal journal in the location of the registered office of the Company to show, if applicable, the distribution ratio for additional subscription rights on a reducible basis.

If subscriptions from the exercise of preferential subscription rights on an irreducible basis and, if applicable, subscriptions on a reducible basis, do not absorb all of the shares issued, the Chairman may, in accordance with the subdelegation accorded him by the Board of Directors, in the order that he may determine, either limit, so long as the subscriptions amount to at least two-thirds of the authorised issuance, the amount of the issuance to the number of subscriptions received, or allocate without restriction all or part of the unsubscribed shares, or offer them to the public in whole or in part by way of a public offering in France and/or, as the case may be, abroad and/or on the international market.

### 2.2.9.3 *The exercise of preferential subscription rights*

In order to exercise their preferential subscription rights, holders must make a subscription request to their financial intermediary and pay the corresponding subscription price.

Preferential subscription rights must be exercised by holders within the subscription period, otherwise the rights expire.

In accordance with law, preferential subscription rights can be traded during the subscription period referred to in paragraph 2.2.10, on the same terms as the existing shares.

The seller of the preferential subscription right transfers all rights to the purchaser who, for the exercise of the preferential subscription rights thus sold, succeeds completely to the position of the owner of the existing share with all associated rights and responsibilities.

Holder of options to subscribe or purchase shares who exercise their options prior to 19 June 2003 and shareholders that have chosen to receive their dividend in the form of shares will have the right to exercise or transfer the preferential subscription rights resulting from such exercise until 2 July 2003 inclusive. Any preferential subscription rights not exercised before the close of the subscription period will be cancelled.

#### *2.2.9.4 Theoretical value of the preferential subscription right*

Based on the closing price on 11 June 2003, the theoretical value of a preferential subscription right amounts to € 3.59.

#### *2.2.9.5 Listing of the preferential subscription rights on the stock exchange*

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.

#### *2.2.9.6 Intended action by principal shareholders*

Lafarge is not aware of the intentions of any of its shareholders. Furthermore, no agreements have been made in respect of the transfer of the preferential subscription rights.

The subscription rights detached from the Lafarge shares held by Lafarge will be sold on the exchange before the end of the subscription period, in accordance with Article L.225-210 of the French Commercial Code. On 20 May 2003 the number of treasury shares held by Lafarge was 1,868,896.

#### *2.2.9.7 Taxation of the preferential subscription rights*

The gains from the sale of preferential subscription rights will be taxed as capital gains from the sale of shares as described in paragraph 2.3.4 below.

### **2.2.10 Subscription period**

The subscription period for shares will be from 19 June 2003 to 2 July 2003 inclusive.

### **2.2.11 Subscription agents — Payment of funds — Deposit of funds**

Share subscriptions and payments will be received from subscribers or their authorised intermediary at the counters of the branches in France of the following institutions:

- BNP Paribas
- J.P. Morgan Chase Bank

Subscriptions and payments from holders of fully registered shares (*nominatif pur*) will be accepted at the offices of Crédit Commercial de France.

Amounts paid pursuant to additional subscription rights on a reducible basis, which remain available after the distribution of shares will be reimbursed without interest by the branch that received them.

Amounts paid in connection with subscriptions will be centralised by BNP Paribas Securities Services, GIS Emmetteurs, Les Collines de l'Arche, 75450 Paris Cedex 9.

### 2.2.12 Method of delivery of new shares

The new shares may be in registered or bearer form, at the option of the subscriber. Application will be made for the admission of the shares to clearing through Euroclear France, Clearstream Banking S.A. and Euroclear Bank S.A./N.V., and they will be recorded in accounts from 15 July 2003.

### 2.2.13 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 for 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. (the Joint Lead Managers and Joint Bookrunners), pursuant to an underwriting agreement (*contrat de garantie*) entered into with Lafarge on the date on which this *note d'opération* receives a visa. Such underwriting agreement will not constitute a "*garantie de bonne fin*" as defined in article L 225-145 of the French Commercial Code.

### 2.2.14 Undertaking of the Company

The Company undertakes to each of the underwriters that, for a period of 180 days from the signature of the underwriting agreement referred to above, neither the Company nor any of its subsidiaries will, without the prior agreement of BNP Paribas and J.P. Morgan Securities Ltd. (i) issue, offer, transfer or agree to transfer, directly or indirectly, shares of the Company or other financial instruments giving right, immediately or in the future, to a share in its capital, (ii) enter into swaps or other agreements that transfer, in whole or in part, any of the economic consequences of ownership of shares in the Company, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise or (iii) grant options to subscribe for or purchase shares in the Company; *provided, however*, that the following are excluded from these conditions: (a) the issue and allotment of shares in the Company to employees of the group as part of subscription option plans or share purchase plans or company saving plans in effect as of the date of the underwriting agreement or to French or foreign employees of the Company or any of its subsidiaries pursuant to Article L.225-129 VII of the Commercial Code, (b) the transfer of shares in the Company held by the Company itself in the context of a share repurchase plan in accordance with Article L. 225-209 of the French Commercial Code, (c) the issue of shares in the Company by conversion, exchange, reimbursement or other financial instruments existing on the date of the underwriting agreement, and (d) the issue of shares in the Company in the context of the payment of a share dividend.

### 2.2.15 Purpose of the issue

The purpose of this 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 small and medium sized acquisitions in the Company's Cement activities and in the Company's Aggregates activities in Europe and in North America. The projects also include the construction of new factories. We will focus on transactions that are likely to generate an internal rate of return after taxes of at least 10 to 11%.

### 2.2.16 Indicative timetable of the increase in share capital

20 May 2003	Combined general meeting of shareholders authorising in particular the Board of Directors, with power to delegate its authority to its Chairman, to increase the share capital of the company.
11 June 2003	Meeting of the Board of Directors deciding upon the increase in share capital with maintenance of preferential subscription rights and subdelegating to its Chairman the power to carry out the capital increase in accordance with the limits decided by the Board of Directors and to set its terms.
11 June 2003	Decision of the Chairman of the Board of Directors setting the terms of the increase in share capital and deciding to suspend the exercise of options to subscribe or purchase shares.
11 June 2003	Visa of the <i>Commission des opérations de bourse</i> on the <i>note d'opération</i> .

12 June 2003	Press release describing the principal characteristics of the increase in share capital
13 June 2003	Publication of the notice of an increase in share capital in the <i>Bulletin des Annonces Légales Obligatoires</i> .
19 June 2003	Commencement of the suspension of the options to subscribe and options to purchase shares.
19 June 2003	Commencement of the subscription period — beginning of the listing of the preferential subscription rights.
20 June 2003	Decision by the Chairman to increase the share capital following the exercise of options to subscribe shares and the conversion of OCEANEs into new shares — determination of the definitive maximum amount of the increase in share capital.
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.
16 July 2003	Re-commencement of the ability to exercise options to subscribe or purchase shares.

## 2.3 GENERAL INFORMATION ON THE NEW SHARES FOR WHICH ADMISSION IS BEING SOUGHT

### 2.3.1 Rights attaching to the new shares

The new shares will be subject to the terms of the by-laws (*statuts*) and shall bear rights from their date of issue (and will thus give full rights to any distribution decided from their date of issue). The new shares will be fungible with existing shares (ex-right) from their date of issue.

All shares will be of the same class and will benefit from the same rights, whether in terms of dividends or rights on winding up.

Nevertheless, in determining double voting rights and loyalty dividends, the date on which the shares are listed in the shareholder's registered account (*compte nominatif des actions*) shall be the date of record.

Under the by-laws (*statuts*), all shares that have been held as registered shares for at least two years on the date on which a fiscal year closes, and that are still held on the date on which dividends are paid for that same fiscal year, benefit from a 10% increased dividend. This increase is also called a "loyalty dividend" (*prime de fidélité*). This benefit is limited, by shareholder, to a maximum number of shares corresponding to 0.5 % of the share capital on the closing date of the fiscal year under consideration.

The general meeting of shareholders may offer shareholders the option between the payment of a dividend in cash or in new shares. Shares obtained by reinvestment of dividends are fungible, for the period in which they are held as registered shares, with the existing shares.

Dividends not claimed for a five-year period from their payment date will expire and be paid to the French state.

For shares allocated without payment, the number of shares allocated for existing shares that have been held for more than two years is increased by 10%.

A voting right is attached to each share. Nevertheless, fully paid shares that have been held in registered form for a period of two years by the same shareholder benefit from a double voting right.

Each shareholder voting at the general meeting has a number of voting rights:

- equal to the number of voting rights attached to the shares he owns, up to 1% of all existing voting rights; and

- for the portion remaining above this amount, the number of voting rights obtained by multiplying the percentage exceeding 1% by the number of voting rights present or represented at the meeting (as determined according to the limitations set forth in the present section).

The procedure for calculating the number of voting rights is described in Annex 2 to the Lafarge by-laws (*statuts*).

### 2.3.2 Transferability of new shares

No provision of the by-laws (*statuts*) restricts the free sale and transfer of shares.

### 2.3.3 Registration in accounts — delivery of new shares

The new shares may be in registered or bearer form, at the option of the subscriber.

Whatever their form, the shares are required to be recorded in an account maintained by Crédit Commercial de France mandated by Lafarge to manage the registered share accounts of Lafarge's shareholders, or by an authorised intermediary, as the case may be. The rights of a holder will be represented by an entry in its name, in an account maintained by Crédit Commercial de France for fully registered shares, and by the intermediary of its choice for administered registered shares or bearer shares.

The Company is authorised by its by-laws (*statuts*) to identify its holders of bearer shares. Additionally, the Company receives information regarding the identity of its shareholders through legal and statutory provisions that set thresholds requiring every shareholder to give notice when it obtains more than 1% (statutory provisions) or 5%, 10 %, 20% 33.33%, 50% or 66.66% (legal provisions) of shares or of voting rights.

### 2.3.4 Taxation of the new shares

Under current tax legislation, the following rules apply. Investors should nevertheless consult their own tax advisor regarding the taxation applicable in their particular situation. In particular, the taxation regime described below does not consider the case of persons not resident in France for tax purposes and who held, directly or indirectly, alone or with relatives, more than 25% of the rights to corporate earnings of the company at any time during the five years preceding the sale of their shares.

Persons not resident in France for tax purposes must act in accordance with tax legislation applicable in their country of residence.

#### 2.3.4.1 French residents

##### 1. Individuals holding the securities as private assets and who do not regularly trade on exchanges

###### (a) Dividends

Dividends on French shares, including the 50% tax credit (*avoir fiscal*) where appropriate, are taken into account in calculating total income in the category of income from securities; they benefit from an overall annual tax allowance of € 2,440 for married couples subject to a joint assessment as well as for couples subject to a joint assessment with effect from the taxing of income earned in the fiscal year during which the third anniversary of the registration of their civil union (*pacte civil de solidarité*) as defined in Article 515-1 of the French Civil Code falls, and € 1,220 for a single person, widower, divorced person or couples who are married and subject to separate tax treatment.

Dividends and the associated tax credit are included in the amount of global revenues subject to the progressive income tax scale, to which is added without reduction:

- a general social contribution of 7.5%, of which 5.1 points is deductible from total income tax basis (Art. 1600-0 E of the French General Tax Code (*Code Général d'Impôts*)(the "CGI"));
- a social deduction of 2% (Art. 1600-0 F bis III 1 CGI); and
- a social debt repayment contribution of 0.5% (Art. 1600-0 L CGI).

The tax credit that may be related to dividends distributed can be offset against the total amount of income tax payable and may be reimbursed if it exceeds the amount of income tax.

(b) *Capital gains*

Pursuant to Article 150-0 A of the CGI, capital gains realised by individuals are taxable in their entirety, if the total amount received for the sale of securities (and other rights or titles described in Article 150-0 A CGI) during the preceding calendar year per taxable household exceeds the threshold currently set at € 15,000, at the rate of 16% (Art. 200 A 2 CGI) to which is added:

- a general social contribution of 7.5% (Art. 1600-0 E CGI),
- a social deduction of 2% (Art. 1600-0 F bis III 1 CGI), and
- a social debt repayment contribution of 0.5% (Art. 1600-0 L CGI).

Capital losses may be set off against capital gains of the same type during the current year and, potentially, the following 10 years, subject to the condition that the sale threshold referred to above was reached in the year that the capital loss is incurred.

(c) *Wealth tax*

Shares held by individuals as part of their private estate are included in their estate, which may be liable to wealth tax.

(d) *Inheritance tax and gifts*

Shares acquired by individuals through inheritance or as a gift are subject to inheritance taxes or gift tax.

(e) *Special regime for share savings plans*

Shares issued by French companies and by companies established in other states that are members of the European Community and subject to corporate tax (*l'impôt sur les sociétés*) under common law conditions or to an equivalent tax are eligible to be held in a share savings plan (*Plan d'Épargne en Actions* or "PEA"), created by law no. 92-666 of 16 July 1992.

Subject to certain conditions, the dividends received and the capital gains realised are exempt from income tax, but are still subject to the social deduction, the general social contribution and the social debt repayment contribution.

The table below summarises the tax regime applicable as of 1 January 2003, based on the closing date of the PEA:

<u>Duration of the PEA</u>	<u>Social Contribution</u>	<u>General Social Contribution (CSG)</u>	<u>Contribution to the Reimbursement of Social Debt (CRDS)</u>	<u>Income tax</u>	<u>Total</u>
Less than two years	2.0%	7.5%	0.5%	22.5%	32.5%(*)
From two to five years	2.0%	7.5%	0.5%	16.0%	26.0%(*)
Greater than five years	2.0%	7.5%	0.5%	0.0%	10.0%

(\*) Applied to the total proceeds if the transfer threshold of € 15,000 is exceeded.

Capital losses incurred in the context of a PEA may not be set off except against capital gains realised in the same context.

## 2. Legal entities subject to corporation tax

(a) *Dividends*

Dividends received by legal entities subject to corporation tax, as applicable, including the tax credit, are subject to corporation tax at the standard rate of 33 $\frac{1}{3}$ %. A supplemental contribution equal to 3% of the corporation tax is also payable (Art. 235 ter ZA CGI).

A social contribution of 3.3% (Art. 235 ter ZC CGI) is also applicable. It is based upon the amount of the corporation tax, which is reduced by an allowance of € 763,000 per 12 month period. Companies with a gross annual turnover of less than € 7,630,000 whose share capital is fully paid and held continuously at least 75% by individuals or by companies which also satisfy these conditions with respect to gross annual turnover, share capital, and share ownership are exempt from this contribution.

For tax credits (*avoirs fiscaux*) used from 1 January 2003, the tax credit is 10% of the amount of dividends paid increased, as applicable, by an amount equal to 80% of the equalisation tax (*précompte*) effectively paid in cash by the company, excluding any equalisation tax paid by set off of tax credits and any that may be due by reason of a dividend paid out of the long-term capital gains reserve. The tax credit may be set off against the corporate tax at the ordinary rate; any excess may not be deferred or reimbursed.

In the case where companies account for dividends in their amount excluding the tax credit, the amount that may be set off against corporate tax is equal to 66 <sup>2</sup>/<sub>3</sub>% of the tax credit thus determined.

When the legal entity meets the necessary conditions and chooses the parent company's tax regime pursuant to articles 145, 146 and 216 of the CGI, dividends received are excluded from the taxable base subject to the deduction of a proportion of fees and expenses (equal to 5% of the total amount of such dividends, tax credit included, up to a maximum of the fees and expenses of any kind incurred by the parent company during the year in which the dividends were granted). The tax credits attached to these dividends may not be used to pay corporation taxes, but may be set off against the equalisation tax that may be owed in the case of redistribution of the same dividends; the tax credit is equal to 50% of the dividends received in this instance.

#### (b) *Capital gains*

Capital gains or losses realised from the disposal of shares other than equity participations are subject to corporation tax at the current standard rate of 33<sup>1</sup>/<sub>3</sub>%, plus a supplementary contribution equal to 3% of the corporation tax (Art. 235 ter ZA CGI).

A social contribution of 3.3% (Art. 235 ter ZC CGI) is also applicable. It is based upon the amount of the corporation tax, which is reduced by an allowance of € 763,000 per 12 month period. Companies with a gross annual turnover of less than € 7,630,000 whose share capital is fully paid and held continuously at least 75% by individuals or by companies which also satisfy these conditions with respect to gross annual turnover, share capital, and share ownership are exempt from this contribution.

Capital gains resulting from the sale of shares having the characteristics of equity participations or that may be assimilated to equity participations for tax purposes, under the formal condition in the latter case that they are recorded in an investment account (*compte de participation*) or in a sub-account for shares subject to a long-term capital gains regime (*titres relevant du régime des plus-values à long terme*), are eligible for taxation as long-term capital gains so long as they have been held for at least two years, and provided that a special long-term capital gains reserve has been created. They are subject to corporation tax at a rate of 19% plus a supplementary contribution equal to 3% of the corporation tax and, if applicable, the social contribution of 3.3%

Furthermore, in accordance with the provisions of Article 219-I-b of the CGI, companies which satisfy the conditions referred to above may, under certain conditions, benefit from a lower rate of 15% for capital gains realised during financial years commencing on or after 1 January, 2002.

#### 2.3.4.2 *Non-French residents for tax purposes*

##### (a) *Dividends*

Dividends distributed by companies with a registered office in France are subject to withholding tax of 25% when the beneficiary's tax domicile or registered office is outside France.

Under certain conditions, this withholding may be reduced or even eliminated, either through the application of international double taxation treaties or on the basis of Article 119-ter of the CGI.

Furthermore, shareholders who may claim the application of an international double taxation treaty may benefit, upon withholding at the rate set by the treaty, from a transfer of all or part of the tax credit and/or from a refund of the equalisation tax effectively paid by the distributing company.

As an exception, dividends paid by French companies to non-residents that confer the right to a transfer of the tax credit pursuant to an international taxation treaty, shall be subject to withholding, upon

payment, at the reduced rate provided for by the treaty, provided that the persons concerned prove, before the date of payment of the dividends, that they are residents of a country that has entered into such a taxation treaty with France, within the meaning of such treaty (*Instruction administrative* 4-J-1-94 of 13 May 1994).

It is recommended that investors consult their usual tax advisor as soon as possible regarding the circumstances in which they may obtain a reduction of withholding tax and, as the case may be, the transfer of the tax credit and/or the refund of the equalisation tax by virtue of tax treaties entered into with France.

*(b) Capital gains*

Capital gains realised upon the sale of shares by persons who are not resident in France for tax purposes or whose registered office is situated outside France (without having a permanent establishment or a fixed base in France in whose assets the shares are recorded) will not be subject to taxation in France.

*(c) Wealth tax*

Individuals who are not resident in France for tax purposes are not subject to French wealth tax for investments in securities. Equity participations are not considered to be investments in securities and may thus be subject to wealth tax, subject to the provisions of international double taxation treaties.

*(d) Inheritance tax and gifts*

Subject to the terms of international double taxation treaties, shares in French companies acquired by individuals by inheritance or gift will be subject to French estate and gift taxes.

### 2.3.5 Listing of new shares

#### 2.3.5.1 Admission of new shares

Application will be made to list the new shares issued as a result of the increase in share capital on the Deferred Payment Market (*Service à Règlement Différé*) of the *Premier Marché* of Euronext Paris S.A. as of 15 July 2003; they will be quoted on the same line as the existing shares (Euroclear France: 12053, ISIN code: FR0000120537, Common Code: 001190377).

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.

#### 2.3.5.2 Trading volumes and Share price fluctuations

The share price trends for Lafarge shares on the *Premier Marché* of Euronext Paris S.A. have been as follows since 1 May 2001:

Year	Month	Number of shares traded including transactions not on the exchange (in thousands)	Total amount traded including transactions not on the exchange (€ millions)	Share price highs and lows	
				highest (euros)	lowest (euros)
2001	May	12,182	1.33	113.70	102.70
	June	14,319	1.46	110.30	96.00
	July	13,540	1.38	107.00	95.15
	August	9,823	0.99	104.70	97.10
	September	14,846	1.33	102.60	74.00
	October	12,010	1.15	101.00	86.10
	November	13,305	1.32	107.60	92.80
	December	7,692	0.82	106.90	99.50
	<b>Total 2001 (8 months)</b>	<b>97,717</b>			

Year	Month	Number of shares traded including transactions not on the exchange (in thousands)	Total amount traded including transactions not on the exchange (€ millions)	Share price highs and lows	
				highest (euros)	lowest (euros)
<b>2002</b>	January	11,231	1.13	107.00	96.85
	February	10,514	1.07	105.40	98.90
	March	12,731	1.30	105.80	99.40
	April	14,113	1.47	108.10	100.20
	May	17,318	1.89	111.20	105.20
	June	17,047	1.75	107.80	97.50
	July	14,974	1.38	102.80	74.00
	August	17,812	1.62	98.55	79.00
	September	18,653	1.63	94.85	80.80
	October	29,511	2.22	83.60	67.00
	November	18,142	1.44	83.50	75.10
	December	14,856	1.11	84.50	67.70
		<b>Total 2002</b>	<b>196,902</b>		
<b>2003</b>	January	21,689	1.40	76.25	55.10
	February	23,032	1.23	60.40	47.33
	March	22,368	1.16	58.00	43.26
	April	21,879	1.25	61.80	49.26
	May	26,634	1.60	64.80	52.80

Source: Euronext Paris S.A.

The closing share price on the *Premier Marché* of Euronext Paris S.A. on 11 June 2003 was € 59.85.

The trading in Lafarge shares on the London Stock Exchange have been as follows since 1 April 2001:

(in thousands of shares)	2003	2002	2001
January	2,580	3,470	—
February	1,873	3,864	—
March	1,790	4,676	—
April	1,364	3,273	7,210
May	804	3,643	6,173
June		1,212	6,275
July		2,017	6,875
August		3,844	4,397
September		3,661	5,705
October		5,726	3,152
November		1,724	4,427
December		928	2,345
<b>Total (April 2001-May 2003)</b>	<b>93,008</b>		

Source: SEAQ

The trading in Lafarge shares (listed as ADRs on the New York Stock Exchange) has been as follows on the New York Stock Exchange since their listing in July 2001:

<u>(in thousands of ADRs)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
January	329.7	102.5	—
February	205.4	97.7	—
March	286.0	90.7	—
April	286.8	91.9	—
May	411.0	71.7	—
June		105.1	—
July		117.9	13.6
August		138.6	31.4
September		94.5	63.9
October		188.2	68.8
November		227	455.2
December		300.5	175.5
<b>Total (July 2001-May 2003)</b>	<b>3,953.6</b>		

Source: NYSE

### 2.3.6 Competent court in case of litigation

The competent courts in case of litigation are those where the Lafarge registered office is situated when Lafarge is the defendant and are designated according to the nature of the dispute, unless otherwise provided by the French *Nouveau Code de Procédure Civile*.

## 2.4 EFFECT OF THE ISSUANCE ON THE SHAREHOLDER'S POSITION

If a shareholder who held 1% of Lafarge's share capital prior to this issuance does not subscribe to this increase in share capital, that interest in the share capital will change as follows (calculation based upon the number shares making up the share capital on 20 May 2003, or 132,891,605 shares, excluding any effect of the conversion or exchange of any OCEANEs — see paragraph 3.1.3.2 — and without regard for the potential reduction in the size of the offering authorized by the Board of Directors, which will not be exercised given the fact that BNP Paribas and J.P. Morgan Securities Ltd. have underwritten the offering):

- assuming an increase in capital of a nominal amount of € 125,074,448, that is excluding any exercise of the options to subscribe shares or exercise of the dividend reinvestment option, the shareholder will see his interest in the share capital reduced to 0.81%, being a total decrease of 19.05%.
- assuming an increase in capital of a nominal amount of € 131,872,112, corresponding to the exercise of all the exercisable options to subscribe for shares before 19 June 2003, and the decision by all shareholders to receive their dividend in the form of shares, as described in paragraphs 2.1.3.1 and 2.1.3.3 above, the shareholder will see his interest in the share capital reduced to 0.80%, a total decrease of 19.88%.

For the effect of the issuance on a shareholder's interest in consolidated equity per share (group share), please refer to paragraph 2.2.2 above.

## 3. PRESENTATION OF LAFARGE

Information regarding Lafarge and its business may be found in:

- its *document de référence*, filed with the *Commission des opérations de bourse* on 4 April 2003 under number D.03-0375; and
- an update to its *document de référence* filed with the *Commission des opérations de bourse* on 5 June 2003;

which form an integral part of this *prospectus*.

