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CONSOLIDATED STATEMENTS OF INCOME

(in million euros, except per share data)		Years ended December 31,		
	Notes	**2001**	**2000**	**1999**
Sales	**3**	**13,698**	**12,216**	**10,528**
Cost of goods sold		(9,258)	(7,980)	(6,823)
Selling and administrative expenses		(1,578)	(1,644)	(1,483)
Gross operating income		**2,862**	**2,592**	**2,222**
Depreciation	3	(928)	(788)	(678)
Share of operating income on ordinary activities of equity affiliates	5	131	101	86
Operating income on ordinary activities	**3**	**2,065**	**1,905**	**1,630**
Gains on disposals, net	6	275	272	182
Other income (expenses), net	7	(169)	(250)	(105)
Operating income	**3**	**2,171**	**1,927**	**1,707**
Financial expenses, net	8	(595)	(489)	(337)
Income before income tax, amortization of goodwill and minority interests		**1,576**	**1,438**	**1,370**
Income tax	9	(414)	(379)	(389)
Income before amortization of goodwill and minority interests		**1,162**	**1,059**	**981**
Amortization of goodwill	11	(142)	(120)	(108)
Minority interests	20	(270)	(213)	(259)
Net income		**750**	**726**	**614**
Earnings per share (euros)	**10**	**5,97**	**6.78**	**6.19**
Diluted earnings per share (euros)	**10**	**5.85**	**6.69**	**6.12**
Average number of outstanding shares (in thousands)	10	125,616	107,098	99,255

The pro forma statement of income including Blue Circle Industries from January 1, 2000 is set forth in Note 4.

The accompanying Notes are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS

ASSETS

(in million euros)		At December 31,		
	Notes	2001	2000	1999
Goodwill, net	11	4,974	2,820	3,157
Intangible assets, net	11	3,225	1,127	1,079
Property, plant and equipment, net	12	13,353	8,882	7,904
Investments in equity affiliates	13	439	420	333
Other investments	14	671	1,716	413
Long-term receivables	15	900	489	384
Long-term assets		**23,562**	**15,454**	**13,270**
Inventories, net	16	1,776	1,309	1,237
Accounts receivable-trade, net	17	2,230	1,495	1,908
Other receivables		1,133	899	760
Cash and cash equivalents	18	1,201	1,740	1,061
Current assets		**6,340**	**5,443**	**4,966**
TOTAL assets	**3**	**29,902**	**20,897**	**18,236**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in million euros)		At December 31,		
	Notes	2001	2000	1999
Common stock	19	521	429	400
Additional paid-in capital		4,324	3,028	2,459
Retained earnings		3,389	2,910	3,180
Cumulative translation adjustments		(352)	(324)	(188)
Shareholder's equity		**7,882**	**6,043**	**5,851**
Minority interests	20	2,551	1,707	1,598
Other equity	21	163	162	439
Total equity		**10,596**	**7,912**	**7,888**
Deferred taxes	**9**	**937**	**810**	**13**
Provisions	**22**	**1,688**	**1,228**	**1,168**
Long-term debt	**23**	**11,041**	**7,490**	**5,520**
Accounts payable, trade		1,467	1,114	1,041
Other payables		2,310	1,457	1,655
Current portion of long-term debt	23	1,350	579	655
Short-term bank borrowings	23	513	307	296
Current liabilities		**5,640**	**3,457**	**3,647**
TOTAL shareholders' equity and liabilities		**29,902**	**20,897**	**18,236**

The accompanying Notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in million euros)		Years ended December 31,		
	NOTES	**2001**	**2000**	**1999**
NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net income		**750**	**726**	**614**
Adjustments to reconcile net income to net cash provided by operating activities:				
Minority interests	20	270	213	259
Depreciation and amortization of goodwill		1,070	908	786
Share of net income of equity affiliates less dividends received		0	(35)	(37)
Gains on disposals, net (excluding those of equity affiliates)		(274)	(272)	(174)
Deferred income taxes and tax provisions		(59)	31	24
Other, net		(89)	5	23
Changes in operating working capital items (see analysis below)		174	(92)	(217)
Net cash provided by operating activities		**1,842**	**1,484**	**1,278**
NET CASH USED IN INVESTING ACTIVITIES				
Capital expenditures	3	(1,455)	(1,307)	(1,141)
Investment in consolidated companies (1) (*)		(4,537)	(584)	(859)
Investment in non-consolidated companies		(81)	(1,484)	(147)
Disposals (2)		1,537	991	569
Net increase (decrease) in long-term receivables		(144)	(33)	(24)
Net cash used in investing activities		**(4,680)**	**(2,417)**	**(1,602)**
NET CASH PROVIDED BY FINANCING ACTIVITIES				
Proceeds from issuance of common stock		1,513	322	213
Increase (decrease) in treasury stock		-	(38)	381
Increase (decrease) in other equity		2	7	292
Dividends paid (including those paid to minority interests in subsidiaries)		(337)	(275)	(280)
Proceeds from long-term debt		5,596	2,802	748
Repayment of long-term debt		(4,746)	(1,146)	(737)
Increase (decrease) in short-term debt		282	(70)	(286)
Net cash provided by financing activities		**2,310**	**1,602**	**331**
(Decrease) Increase in cash and cash equivalents		**(528)**	**669**	**7**
Net effect of foreign currency translation on cash and cash equivalents		(12)	10	84
Cash and cash equivalents at beginning of year		1,740	1,061	970
Cash and cash equivalents at end of year		**1,200**	**1,740**	**1,061**
(1) Net of cash and cash equivalents of companies acquired		*256*	*34*	*13*
(2) Net of cash and cash equivalents of companies disposed		*2*	*179*	*23*
Analysis of changes in operating working capital items				
Decrease (increase) in inventories		35	307	(263)
Decrease (increase) in accounts receivable-trade		85	(102)	(27)
Decrease (increase) in other receivables		(50)	(107)	(31)
Decrease (increase) in accounts payable-trade		(46)	62	87
Decrease (increase) in other payables		150	(252)	17
Cash payments during the period for				
Interest expense		503	495	332
Income taxes		234	458	318

(*) including BCI (3,804)

The accompanying Notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Outstanding shares	Treasury stock	Common stock	Additional paid-in capital	Retained earnings	Cumulative translation adjustments	Shareholders equity
	(in number of shares)		*(in million euros)*				
Balance at January 1, 1999	**102,787,006**	**5,707,826**	**392**	**2,313**	**2,428**	**(444)**	**4,689**
Net Income					613	1	614
Dividends paid					(183)		(183)
Employee stock purchase plan	493,954		2	29			31
Issuance of common stock (dividend reinvestment plan)	1,324,857		5	101			106
Exercice of stock options	372,389		1	16			17
Issuance of treasury stock		(4,188,641)			322		322
Change in translation adjustments						255	255
Balance at December 31, 1999	**104,978,206**	**1,519,185**	**400**	**2,459**	**3,180**	**(188)**	**5,851**
Cumulative effect of change in accounting for deferred taxes					(759)		(759)
Net income					731	(5)	726
Dividends paid					(215)		(215)
Issuance of common stock (dividend reinvestment plan)	365,771		2	28			30
Issuance of common stock	3,180,000		12	274			286
Exercice of stock options	154,818		1	7			8
Exercice of stock subscription warrants	3,763,140		14	260			274
Purchase of treasury stock		318,655			(37)		(37)
Goodwill previously written off against retained earnings on subsidiaries sold					10		10
Change in translation adjustments						(131)	(131)
Balance at December 31, 2000	**112,441,935**	**1,837,840**	**429**	**3,028**	**2,910**	**(324)**	**6,043**
Net Income					752	(2)	750
Dividends paid					(273)		(273)
Issuance of rights (conversion to common stock)	14,110,592		54	1,059			1,113
Issuance of common stock (dividend reinvestment plan)	1,125,007		5	103			108
Exercice of stock options	369,455		1	16			17
Exercice of stock subscription warrants	2,098,811		8	142			150
Purchase of treasury stock		26,532					
Change in translation adjustments			24	(24)		(26)	(26)
Balance at December 31, 2001	**130,145,800**	**1,864,372**	**521**	**4,324**	**3,389**	**(352)**	**7,882**

The accompanying Notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BUSINESS DESCRIPTION

As used herein, the terms "Lafarge S.A." or "the parent company" refers to Lafarge, a société anonyme organized under French law, without its consolidated subsidiaries. The terms the "Company" or "Lafarge" refer to Lafarge S.A. together with its consolidated subsidiaries.

The Company is headquartered in France and specializes in the production of materials for the construction industry in all the world's major markets. At December 31, 2001, the Company operated in the following business segments: Cement, Aggregates and Concrete, Roofing, Gypsum. The Company's customers are from both the private and public sector. Until December 31, 2000, the Company also operated in the Specialty Products segment (See Note 3).

Lafarge is listed on the "Premier Marché" of Euronext Paris S.A. and, since July 23, 2001, on the New York Stock Exchange ("NYSE").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with the provisions of French accounting legislation and standards ("French GAAP").

French GAAP differs in certain respects from accounting principles generally accepted in the United States of America ("US GAAP"). A description of the main differences is set forth in Note 29.
Effective January 1, 2000, the Company adopted the new accounting standard CRC n° 99-02 on Consolidated Financial Statements published by the French Accounting Standards Committee ("Comité de la Réglementation Comptable"). The standard requires that the balance-sheet liability method be applied for the recognition of deferred income taxes. The cumulative effect of change in accounting for deferred taxes is presented in Note 9.

(b) Principles of consolidation

Investments over which the Company has direct or indirect control of more than 50% of the outstanding voting shares, or over which it exercises effective control, are fully consolidated, except for some companies, not significant in the aggregate, that were not consolidated for practical purposes. Control exists where the Company has the power directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Investments in companies in which the Company and third party investors have agreed to exercise joint control are consolidated by the proportionate consolidation method with the Company's share of the joint ventures results, assets and liabilities recorded in the consolidated financial statements.

Investments in which the Company has an equity interest representing a voting right of more than 20% and over which the Company exercises significant influence, but not control are accounted for under the equity method.
All other investments in affiliates, which are not consolidated, are accounted for at cost.
Revenues and expenses of subsidiaries acquired or disposed of during the year are recognized in the consolidated statements of income as from the date of control or up to the date of transfer of control, respectively.

All significant inter-company balances and transactions have been eliminated on consolidation. With respect to proportionately consolidated companies, intercompany transactions are eliminated on the basis of the Company's interest in the entity involved.

(c) Use of estimates

The preparation of financial statements in conformity with French GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, such as depreciation and provisions, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. Management reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from the estimates.

(d) Translation of financial statements denominated in foreign currencies

The functional currency of the Company's foreign subsidiaries is the applicable foreign currency except for enterprises operating in hyper-inflationary economies. The accounts of euro zone companies are translated into the Euro at the official rate of exchange set on January 1, 1999.

The accounts of companies out of the Euro zone are translated into the Euro using the year end closing rate of exchange for all balance sheet accounts and the average annual rate of exchange is applied to revenues, expenses and amounts presented on the statements of cash flows. The resulting translation adjustments are included as a separate component of shareholders' equity.
For companies that operate in countries which have been designated as hyper-inflationary, fixed assets, investments and operating supplies are not revalued and the original values are translated to the USD which is considered by the Company as the functional currency in these countries, at historical rates of exchange. Revenues and expenses are translated to this functional currency using the exchange rates of the month of the transaction date. Translation gains and losses arising from the translation of revenues and expenses are included in income. In defining hyper-inflationary, the Company employs criteria which include characteristics of the economic environment such as inflation and foreign currency exchange rate fluctuations and evaluates this information in relation to its economic exposure related to the subsidiaries' operations.

The exchange rates for the translation of main currencies were as follows:

	2001		2000		1999	
1 for euro monetary unit	**Average rate**	**Year end rate**	**Average rate**	**Year end rate**	**Average rate**	**Year end rate**
Brazilian real (BRL)	0.4745	0.4866	0.5908	0.5508	0.5153	0.5545
Canadian dollar (CAD)	0.7209	0.7128	0.7286	0.7170	0.6307	0.6846
Chilean peso (CLP)	0.0018	0.0017	0.0020	0.0019	0.0018	0.0019
Chinese yuan (CNY)	0.1349	0.1371	0.1307	0.1298	0.1132	0.1202
Egyptian pound (EGP)	0.2768	0.2469	0.3040	0.2854	0.2740	0.2907
British pound (GBP)	1.6081	1.6434	1.6405	1.6023	1.5171	1.6085
Moroccan dirham (MAD)	0.1000	0.0976	0.1019	0.1014	0.0956	0.0987
Malaysian ringitt (MYR)	0.2937	0.2986	0.2847	0.2828	0.0820	0.0900
Nigerian naira (NGN)	0.0096	0.0101	0.0103	0.0097	0.0103	0.0099
Philippine peso (PHP)	0.0219	0.0220	0.0244	0.0215	0.0239	0.0246
Polish zloty (PLN)	0.2725	0.2861	0.2495	0.2598	0.2366	0.2405
US dollar (USD)	1.1165	1.1347	1.0820	1.0747	0.9374	0.9954
South African rand (ZAR)	0.1296	0.0959	0.1557	0.1422	0.1532	0.1616

(e) Business combinations, goodwill and intangible assets

Since January 1, 1989, all business combinations have been accounted for using the purchase method of accounting. Under this method, assets and liabilities acquired by the Company are recorded at their fair value. Under the purchase method, the excess of the purchase price over the fair value of the net assets of businesses acquired, if any, is allocated to goodwill. Before January 1, 1989, positive and negative goodwill were written off against retained earnings.
When the Company initially acquires a controlling interest in a business, any portion of the assets and liabilities retained by minority shareholders is also recorded at its fair value.

Accordingly, if the Company subsequently acquires the assets and liabilities considered held by minority shareholders, no additional fair value adjustment is recorded at that time. Initial estimates of fair values are finalized within a one year allocation period. Subsequent to this period, releases of estimated provisions in excess of the actual costs incurred related to the purchase price allocation are applied to goodwill.

Non-amortizable intangible assets, such as market share and trademarks, are recognized through the purchase price allocation to the extent that they can be valued using a sufficiently accurate and objective method based on economic benefits.

The Company amortizes goodwill on a straight-line basis over the estimated period of benefit, not exceeding 40 years.

Negative goodwill is amortized into income on a rational, systematic basis, based upon estimates of future operating results of the acquiree at the date of the acquisition.

(f) Revenue recognition

Consolidated revenues represent the value, before sales tax, of goods, products and services sold by consolidated enterprises in the ordinary activities and after elimination of intra-group sales.

Revenues from the sale of goods, and products are recorded when ownership is transferred.

(g) Other income (expenses)

Other income (expenses) results from operations and includes net restructuring costs, provisions for litigation and other non recurring items.

(h) Intangible assets

Intangible assets include patents, licenses, and leaseholds which are amortized using the straight-line method over periods not exceeding their estimated useful lives and assets such as market share and trademarks which are not amortized.

(i) Property, plant and equipment

Property, plant and equipment is recorded at historical cost. The Company capitalizes assets financed through capital leases where the lease arrangement transfers to the Company substantially all the benefits and risks of ownership. Lease arrangements are evaluated based upon the leased assets expected period of future benefit in relation to the assets' useful lives, the total future payments in relation to the fair value of the financed asset and whether transfer of ownership or favorable purchase options exist.
Interest on borrowings directly related to the financing of construction projects and incurred during development activities is capitalized to project costs.
Depreciation on property, plant and equipment is calculated as follows:

- Land is not depreciated.
- Mineral reserves consisting of proven and probable limestone, gypsum and aggregates reserves are depleted using the units-of-production method.
- Buildings are depreciated using the straight-line method over estimated useful lives varying from twenty years for industrial buildings to fifty years for offices or residential properties.
- Plant, machinery, equipment and installation costs are depreciated using the straight-line method over their estimated useful lives, ranging from 8 to 20 years.

(j) Other investments

Other investments, which consist either of shares held in non consolidated companies or shares in listed companies treated as long-term equity investments are recorded at the lower of historical cost or net realizable value, assessed on an individual investment basis. The net realizable value is calculated using the following criteria: equity value, stock market prices or expected future profitability.

(k) Impairment of long-lived assets

Whenever events or changes in circumstances indicate that the carrying amount of long-lived assets including goodwill may not be recoverable, the carrying amount is compared with the estimated undiscounted future cash flows expected to result from the use of the assets and their possible disposition. If the sum of expected cash flows is less than the carrying amount of these assets, an impairment loss is recognized based on the fair value of the assets, derived from the present value of expected cash flows.

(l) Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average method.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with an original maturity date of generally less than three months from the time of purchase.

(n) Financial instruments

The Company enters into financial derivative contracts for hedging purposes only. These transactions are executed in order to reduce its exposure to changes in interest rates and, foreign currency exchange rates on firm commitments.
Forward exchange contracts and foreign currency swaps are used to hedge foreign currency exchange rate exposures. Unrealized gains and losses on these investments are deferred and recorded in the carrying amount of the hedged asset or liability on firm commitments. Contract premiums are amortized rateably over the term of the hedge arrangement.
The Company enters into various interest rate swaps to manage its interest rate exposure. The objective of the swaps are, depending on the circumstances, to modify instruments from fixed rate to floating and floating rate to fixed. The difference between interest payable and receivable is recognized as interest expense or interest income.

(o) Pension plans, termination and other post-retirement benefits

The Company provides various types of retirement, termination and post retirement benefits (including healthcare benefits) to its employees. The benefits provided are determined by local legal requirements as well as the benefit policies of the specific subsidiaries.
Termination benefits are generally lump sum payments based upon an individual's years of credited service and annual salary at retirement or termination of employment.
Pension benefits are generally determined using a formula which uses the employees' years of credited service and expected average final earnings. Most defined benefit pension liabilities are funded through separate pension funds which are separate legal entities or through insurance contracts.
Pension plan assets related to funded plans are invested mainly in equity and debt securities. Other supplemental defined benefit pension or post retirement plan benefits not financed through independent funds or insurance contracts are paid by the Company as they become due.

Defined benefit pension plans and severance payment arrangements

The Company's liability in respect of defined benefit pension plans or severance payment arrangements is generally calculated annually by independent actuaries using the projected unit credit method. This methodology considers the probability of the employees' length of future service, future compensation, life expectancy and turnover, based on actuarial assumptions.

The projected future obligation is discounted by applying an appropriate discount rate in each country for which pension plans are maintained. The projected benefit obligation is accrued during the employees' years of service. Plan assets are recorded at their fair values.

The charge for such pension plans, representing the net periodic pension cost less employee contributions, is recorded as pension expense in the year incurred.

For certain subsidiaries, significant gains and losses on the financial position of plans arising from actual results that differ from expectations, changes in actuarial assumptions, and amendments to pension plans are charged or credited to income over the service lives of the related employees.

Post retirement benefits other than pensions

Certain subsidiaries provide healthcare and insurance benefits for a portion of their retired employees and their eligible dependants. The cost of these benefits is actuarially determined and included in the income statement over the employees' working lives.

The Company records pension expense with respect to defined contribution plans as incurred.

(p) Restructuring

Restructuring costs are accrued when management decides to close facilities, or to reduce the workforce. Such costs may include estimated facility closing costs and employees' severance and termination benefits.

Where a business combination has occurred, restructuring costs related to capacity reductions of the acquirer which are a consequence of overcapacity and costs related to capacity reductions of the acquiree are included in the cost of the acquisition.

(q) Site restoration

Where the Company is legally or contractually required to restore a quarry site, the estimated costs of site restoration are accrued and amortized to cost of goods sold rateably, on a unit-of-production basis, over the operating life of the quarry. The estimated future costs for known restoration requirements are determined on a site by site basis and, when determinable, are calculated based on the present value of estimated future costs.

(r) Product warranties

The Company's warranty policy generally provides a 30-year coverage for roofing tile. The Company's policy is to accrue the undiscounted estimated cost of warranty coverage at the time the sale is recorded.

(s) Environmental costs

When the Company determines that it is possible that a liability for environmental costs exists, an undiscounted estimate of the future remediation is recorded as a provision without the offset of potential insurance recoveries. Costs that result in future economic benefits such as extending useful lives, increased capacity, safety or, those costs incurred to mitigate or prevent future environmental contamination are capitalized. Environmental costs, which are not included above, are expensed as incurred.

(t) Deferred income taxes

The Company changed its method of accounting for income taxes effective at January 1st, 2000. Deferred income taxes are accounted for using the balance-sheet liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts in the balance-sheet (including tax losses available for carry forward). Deferred taxes are measured by applying currently enacted tax laws. Deferred tax assets are recognized when it is reasonably certain that they will be recovered in future years.

Before January 1st, 2000, the deferred tax provision was calculated using the partial allocation method whereby deferred taxes are provided only where timing differences were expected to reverse in the foreseeable future. This method only takes into account timing differences arising between the adjusted net accounting profit of consolidated subsidiaries and net taxable income. A cumulative adjustment was recognized for the adoption of the new accounting principle and the effect of this change is shown in the consolidated statements of changes in shareholders' equity (see Note 9).

(u) Research and development

The Company is committed to improving its manufacturing process, maintaining product quality and meeting existing and future customer needs. These objectives are pursued through various programs. Research and development costs which are expensed as incurred, were 53 million euros, 43 million euros and 37 million euros for 2001, 2000 and 1999, respectively.

(v) Recently issued accounting pronouncement

In December 2000, the “Comité de la Réglementation Comptable” issued the regulation (règlement) n° 2000-06 which requires French companies to adopt new accounting rules related to the recognition of liabilities for fiscal years beginning on or after January 1, 2002. The regulation requires that a liability should be recognized when, and only when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The Company has not early adopted regulation CRC n° 2000-06 in its consolidated financial statements. However, the adoption of this regulation is not expected to have a material effect on its consolidated financial statements.

3 BUSINESS SEGMENT AND GEOGRAPHIC AREA INFORMATION

Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the Company’s chief operating decision makers in order to allocate resources and assess performance.

Since January 1, 2001, the Company has operated in the following four business segments: Cement, Aggregates and Concrete, Roofing, Gypsum which represent separately managed strategic business units that have different capital requirements and marketing strategies. Until December 31, 2000, the Company also operated in the Specialty Products segment which produced and sold a variety of component products used in the construction industry. The Company’s retained minority interest in this business is now included in the segment described as Other.

Each of the business segments are managed separately because each business segment develops, manufactures and sells distinct products.

Company management evaluates internally its performance on operating income on ordinary activities (defined as operating income before net gains on disposals and other expenses, net) and capital employed (defined as the total of goodwill, intangible and tangible assets, investments in equity affiliates and working capital) as disclosed in its business segment and geographic area information.

- The Cement segment produces and sells a wide range of cement and hydraulic binders adapted to the needs of the construction industry.
- The Aggregates and Concrete segment produces and sells construction aggregates, ready mix concrete and other concrete products.
- The Roofing segment produces and sells roof tiles, roofing accessories and chimney systems.
- The Gypsum segment mainly produces and sells drywall for the commercial and residential construction sectors.

The accounting policies applied to the segment earnings are in agreement with those described in Note 2.

(a) Business segment information

(in million euros)	Cement	Aggregates and Concrete	Roofing	Gypsum	Specialty Products	Other	Total
2001							
Gross sales	6,476	4,824	1,585	1,064	-	243	14,192
Less: inter-segment	(481)	(18)	0	8	-	(3)	(494)
Sales	**5,995**	**4,806**	**1,585**	**1,072**	**-**	**240**	**13,698**
Depreciation	(511)	(214)	(118)	(66)	-	(19)	(928)
Operating income on ordinary activities	1,507	381	142	9	-	26	2,065
Operating income	1,466	419	90	0	-	196	2,171
Investments in equity affiliates	250	20	51	50	-	68	439
Capital employed	14,825	4,058	2,677	1,279	-	514	23,353
Total assets	17,416	5,798	3,182	1,554	-	1,952	29,902
Capital expenditures	894	288	131	117	-	25	1,455
2000							
Gross sales	4,798	3,741	1,685	1,006	1,408	8	12,646
Less: inter-segment	(378)	(16)	(1)	(6)	(21)	(8)	(430)
Sales	**4,420**	**3,725**	**1,684**	**1,000**	**1,387**	**0**	**12,216**
Depreciation	(385)	(181)	(116)	(55)	(44)	(7)	(788)
Operating income on ordinary activities	1,167	309	219	60	150	-	1,905
Operating income	1,146	313	163	54	138	113	1,927
Investments in equity affiliates	211	17	46	40	107	(1)	420
Capital employed	6,789	3,235	2,848	1,166	*294	50	14,382
Total assets	9,242	4,767	3 325	1,426	*722	1,415	20,897
Capital expenditures	559	265	145	229	81	28	1,307
1999							
Gross sales	3,955	3,219	1,627	859	1,228	24	10,912
Less: inter-segment	(320)	(17)	(6)	(4)	(21)	(16)	(384)
Sales	**3,635**	**3,202**	**1,621**	**855**	**1,207**	**8**	**10,528**
Depreciation	(321)	(166)	(101)	(44)	(40)	(6)	(678)
Operating income on ordinary activities	908	249	232	127	122	(8)	1,630
Operating income	882	244	220	117	106	138	1,707
Investments in equity affiliates	190	19	44	25	56	(1)	333
Capital employed	6,476	2,628	2,808	979	873	(82)	13,682
Total assets	8,156	3,564	3,263	1,258	1,213	782	18,236
Capital expenditures	622	203	155	96	49	16	1,141

(*) These amounts exclude the part of the Specialty Products segment that was considered sold on December 28, 2000.

(b) Geographic area information

(in million euros)	2001 Sales	2001 Property, plant and equipment net	2001 Capital employed	2000 Sales	2000 Property, plant and equipment net	2000 Capital employed	1999 Sales	1999 Property, plant and equipment net	1999 Capital employed
Western Europe	5,490	4,814	9,945	5,717	3,510	6,159	5,498	3,525	6,638
Of which:									
France	1,945	1,113	1,399	2,367	1,130	1,479	2,260	1,202	1,798
Germany	747	944	1,770	962	974	2,046	1,076	841	2,000
Spain	592	355	833	599	342	959	486	357	965
United Kingdom	1,140	1,229	3,265	852	562	604	739	595	719
North America	4,431	3,598	5,241	3,292	2,356	3,349	2,761	1,710	2,621
Of which:									
United States	2,898	2,785	3,926	2,307	1,533	2,030	1,993	1,131	1,715
Canada	1,533	813	1,315	985	823	1,319	768	579	906
Mediterranean Basin	637	850	1,310	666	746	1,211	524	670	1,070
Central and Eastern Europe	514	623	1,016	501	522	868	359	461	767
Latin America	760	650	1,292	761	450	829	517	420	791
Africa	765	716	1,084	525	239	406	499	258	421
Asia /Pacific	1,101	2,102	3,465	754	1,059	1,560	370	860	1,374
Total	**13,698**	**13,353**	**23,353**	**12,216**	***8,882**	***14,382**	**10,528**	**7,904**	**13,682**

* These amounts exclude the part of the Specialty Products segment that was considered sold on December 28, 2000.

4 PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated statements of income present the results of operations for the years ended December 31, 2001 and December 31, 2000 assuming the acquisition of the retained businesses of Blue Circle Industries Plc ("Blue Circle") and the disposal of the majority portion of the Specialty Products segment had taken place at the beginning of each of those fiscal years. This pro forma information does not purport to be indicative of the historical performance that would have resulted had the acquisition actually occurred at such dates, nor is it necessarily indicative of future operating results. The other purchase and sale transactions that occurred during these fiscal years have no significant effects on these pro forma results. These unaudited pro forma results have been prepared based upon the historical consolidated financial statements of the Company and Blue Circle Industries Plc. The historical consolidated financial statements have been adjusted (see the "pro forma adjustments" columns) in order to reflect increases or decreases in financing costs and other adjustments related to the acquisitions and dispositions of Blue Circle.

Pro forma condensed consolidated statements of income for the years ended December 31, 2001 and December 31, 2000

(in million euros, except per share data)	Pro forma 2001 (1)	Pro forma 2000 (1)
Sales	15,436	14,304
Depreciation	(1,056)	(1,012)
Share of operating income on ordinary activities of equity affiliates	130	155
Operating income on ordinary activities	**2,313**	**2,387**
Gains on disposals, net/other income (expenses), net	96	13
Financial expenses, net	(803)	(744)
Income tax	(443)	(469)
Income before amortization of goodwill and minority interests	**1,163**	**1,187**
Amortization of goodwill	(169)	(160)
Minority interests	(280)	(252)
Net income	**714**	**775**
Earnings per share (euros)	5.60	6.12
Diluted earnings per share (euros)	5.46	5.96

(1) Unaudited

The following acquisitions have been adjusted:

- acquisition of the Egyptian entity APCC in January 2000,
- acquisition of the Greek entities Heraclès/Halkis in April 2000,
- increase in ownership in the Nigerian entities Wapco and Ashaka in April 2000,
- minority interests acquisition in RCC in the Philippines in September 2001.

The following disposals have been adjusted:

- Alborg in July 2000,
- North American assets subject to regulatory rulings which were disposed of during the second half of 2001,
- The real estate properties disposed of in the UK in 2000 and 2001.

The pro-forma disclosures also reflect the amortization of acquisition goodwill and the effects of other adjustments and reclassifications necessary to present the historical accounts of Blue Circle on a basis consistent with the Company's accounting policies.

Additional information on the pro forma consolidated statement of income for the year ended December 31, 2001

(in million euros)	**Lafarge historical 2001**	**Blue Circle historical (6 months period ended June 30, 2001)** (1)	**Pro forma adjustments** (1)	**Total Pro forma 2001**(1)
Sales	13,698	1,929	(191)	15,436
Depreciation	(928)	(134)	6	(1,056)
Share of operating income on ordinary activities of equity affiliates	131	8	(9)	130
Operating income on ordinary activities	**2,065**	**291**	**(43)**	**2,313**
Gains on disposals, net/other income (expenses), net	106	0	(10)	96
Financial expenses, net	(595)	(119)	(89)	(803)
Income tax	(414)	(50)	21	(443)
Income before amortization of goodwill and minority interests	**1,162**	**122**	**(121)**	**1,163**
Amortization of goodwill	(142)	0	(27)	(169)
Minority interests	(270)	(11)	1	(280)
Net income	**750**	**111**	**(147)**	**714**

(1) Unaudited

Additional information on the pro forma consolidated statements of income for the year ended December 31, 2000

(in million euros)	**Lafarge Historical 2000**	**Blue Circle Historical 2000** (2)	**Pro forma adjustments** (1)	**Effect of the disposal of the majority portion of the Specialty Products segment**	**Total Pro forma 2000**(1)
Sales	12,216	3,490	(335)	(1,067)	14,304
Depreciation	(788)	(254)	(3)	33	(1,012)
Share of operating income on ordinary activities of equity affiliates	101	38	(25)	41	155
Operating income on ordinary activities	**1,905**	**573**	**(7)**	**(84)**	**2,387**
Gains on disposals, net/other income (expenses), net	22	1	65	(75)	13
Financial expenses, net	(489)	(171)	(81)	(3)	(744)
Income tax	(379)	(148)	45	13	(469)
Income before amortization of goodwill and minority interests	**1,059**	**255**	**22**	**(149)**	**1,187**
Amortization of goodwill	(120)	0	(52)	12	(160)
Minority interests	(213)	(30)	(9)	0	(252)
Net income	**726**	**225**	**(39)**	**(137)**	**775**

(1) Unaudited (2) As published

5 SHARE OF NET INCOME OF EQUITY AFFILIATES

The following details the Company's share of the operations of equity affiliates:

	Years ended December 31,		
(in million euros)	**2001**	**2000**	**1999**
Operating income on ordinary activities	131	101	86
Gain on disposals, net	1	-	8
Other expenses, net	(17)	(7)	(5)
Financial expenses, net	(51)	(21)	(19)
Income tax	(46)	(23)	(19)
Share of net income of equity affiliates before amortization of goodwill	**18**	**50**	**51**

6 GAINS ON DISPOSALS, NET

Components of gains on disposals are as follows:

	Years ended December 31,		
(in million euros)	**2001**	**2000**	**1999**
Gain on disposals of consolidated subsidiaries, net	44	120	7
Gain on sale of shares in listed companies, net	205	106	143
Gain on sale of other long-term assets, net	26	46	32
Gains on disposals, net	**275**	**272**	**182**

7 OTHER INCOME (EXPENSES), NET

Components of other income (expenses) are as follows:

	Years ended December 31,		
(in million euros)	**2001**	**2000**	**1999**
Restructuring costs	(69)	(44)	(37)
Depreciation	(33)	(63)	(25)
Other expenses, net	(67)	(143)	(43)
Other income (expenses), net	**(169)**	**(250)**	**(105)**

Depreciation consists principally of increases to depreciation expense resulting from revisions in depreciable lives to reflect changes in operating lives of assets including changes due to planned replacements of assets.

In 2000, other expenses, net include non-capitalizable costs, totaling approximately 91 million euros, associated with the initial tender offer to acquire the shares of Blue Circle. These non-capitalizable costs include non-refundable fees incurred for financing never utilized, the cost of foreign currency exchange contracts and other indirect costs related to acquiring the Blue Circle shares.

8 FINANCIAL EXPENSES, NET

Components of financial expenses are as follows:

	Years ended December 31,		
(in million euros)	**2001**	**2000**	**1999**
Interest income	116	91	86
Interest expenses	(647)	(556)	(425)
Net interest income (expenses)	**(531)**	**(465)**	**(339)**
Other financial expenses, net	(64)	(24)	2
Financial expenses, net	**(595)**	**(489)**	**(337)**

Interest expense is reported net of capitalized interest costs for construction projects of 13 million euros in 2001 (12 million euros in 2000 and 6 million euros in 1999).

9 INCOME TAX AND DEFERRED INCOME TAXES

The income tax expense for the year is equal to the amount paid or payable in the short term to the tax authorities in respect of the financial year, in accordance with currently applicable tax rules and rates in the various countries, taking into account the taxation regime described below.

Pursuant to the provisions of the French Tax Code (Article 209 quinquies) and in accordance with a tax agreement from the French Tax Authorities, the parent company files a world-wide consolidated tax return. This regime provides that the basis for income tax computation of the parent company is not limited to French consolidated subsidiaries but also applies to foreign entities in which Lafarge owns more than 50%. Under this provision, the parent company's consolidated taxable income is calculated based upon the rules of French Tax Law for its operations in France as well as those of its greater than 50% owned foreign subsidiaries.

Within certain limits, the French Tax Code allows for the reduction of the taxable income of profitable companies by the offsetting of taxable losses of other entities. French income tax payable, as determined by the method described above, allows for the application of foreign taxes, due in local jurisdictions and related to greater than 50% owned foreign entities, to be applied as a credit to income taxes due in France. This tax agreement covers the years presented and expires on December 31, 2003.

(a) Cumulative effect of change in accounting for deferred taxes

As discussed in Note 2(t), effective January 1st, 2000, the Company changed its method of accounting for income taxes from the partial allocation method to the balance-sheet liability method. Prior years' financial statements have not been restated to apply the new method.

As a result of adoption, the Company decreased retained earnings by 759 million euros, representing the cumulative effect of the change for years prior to January 1st, 2000.

(b) Income tax

Components of the income tax are as follows:

	Years ended December 31,		
(in million euros)	**2001**	**2000**	**1999**
Current income tax	413	344	382
Deferred income tax	1	35	7
Income tax	**414**	**379**	**389**

(c) Deferred tax assets and liabilities

Components of the deferred tax balances are as follows:

	At December 31,		
(in million euros)	**2001**	**2000**	***1999**
Pensions and other post-retirement benefits	99	137	129
Property, plant and equipment	409	99	78
Provisions and other current liabilities	171	67	50
Restructuring provisions	23	16	15
Net operating loss carryforwards	176	-	-
Deferred tax assets	**878**	**319**	**272**
Property, plant and equipment	1,509	891	829
Prepaid pension assets	169	105	75
Other, net	137	133	138
Deferred tax liabilities	**1,815**	**1,129**	**1,042**
Deferred tax liabilities, net	**937**	**810**	**770**

(*) Pro Forma assuming use of balance-sheet liability method

(d) Effective tax rate

A reconciliation of the world-wide tax consolidation rate to the Company's effective tax rate is as follows:

	Years ended December 31,		
	2001	**2000**	**1999**
World-wide tax consolidation rate	33.3%	33.3%	33.3%
Capital gains taxed at a reduced rate	-4.9%	-5.8%	-1.0%
Effect of foreign tax rate differentials	0.8%	1.5%	–
"Changes in enacted tax rates in France, Germany (in 2000) and Canada (in 2001)"	-1.0%	-2.7%	–
Deferred tax effect of the use of the partial method	–	–	-2.4%
Other	-1.9%	0.1%	-1.5%
Effective tax rate	**26.3%**	**26.4%**	**28.4%**

10 EARNINGS PER SHARE

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the year adjusted to include any dilutive potential common shares.

Potential common shares include share options, warrants, and convertible securities issued by the Company on its own common shares.

The computation and reconciliation of basic and diluted earnings per share for the years ended December 31, 2001, 2000 and 1999 are as follows:

	Years ended December 31,		
	2001	**2000**	**1999**
NUMERATOR *(in million euros)*			
Net Income	750	726	614
Interest expense on convertible debt (OCEANE)	23	0	0
Adjusted net income	773	726	614
DENOMINATOR *(share amounts)*			
Weighted average number of shares outstanding	125,616,000	107,098,000	99,255,000
Effect of dilutive securities - stock options	1,241,000	726,000	1,148,000
Effect of dilutive securities - warrants	100,000	777,000	–
Effect of dilutive securities - convertible debt (OCEANE)	5,118,000	–	–
Total potential dilutive shares	6,459,000	1,503,000	1,148,000
Weighted average number of shares outstanding - fully diluted	132,075,000	108,601,000	100,403,000
Basic earnings per share (euros)	**5.97**	**6.78**	**6.19**
Diluted earnings per share (euros)	**5.85**	**6.69**	**6.12**

11 GOODWILL AND INTANGIBLE ASSETS, NET

(a) Changes in goodwill, net

(in million euros)	2001	2000	1999
Goodwill, net, at January 1	**2,820**	**3,157**	**2,669**
Amortization	(142)	(120)	(108)
Additions	2,284	309	580
Disposals	(6)	(185)	(20)
Acquisition adjustments	(14)	(352)	(182)
Translation adjustments	32	11	218
Goodwill, net, at December 31	**4,974**	**2,820**	**3,157**

The acquisition adjustments include the adjustments which arise from the finalization of the purchase price allocation to the fair value of acquired assets and liabilities assumed on business combinations.

Goodwill recognized before January 1, 1989 was written off against retained earnings. The analysis of the residual net amount of this goodwill had it been recorded in the balance sheet and subsequently amortized, is as follows:

(in million euros)	2001	2000	1999
Goodwill, net, at January 1	**66**	**79**	**84**
Amortization	(3)	(3)	(5)
Disposals	–	(10)	–
Goodwill, net, at December 31	**63**	**66**	**79**

(b) Changes in intangible assets, net

(in million euros)	Market share and trademarks	Other	Total
At January 1, 1999	**641**	**270**	**911**
Additions	255	63	318
Disposals	-	(20)	(20)
Other changes	(6)	21	15
Translation adjustments	(13)	9	(4)
At December 31, 1999	**877**	**343**	**1,220**
Accumulated depreciation	-	(141)	(141)
Net book value At December 31, 1999	**877**	**202**	**1,079**
At January 1, 2000	**877**	**343**	**1,220**
Additions	76	79	155
Disposals	(52)	(28)	(80)
Other changes	9	(25)	(16)
Translation adjustments	(7)	5	(2)
At December 31, 2000	**903**	**374**	**1,277**
Accumulated depreciation	-	(150)	(150)
Net book value At December 31, 2000	**903**	**224**	**1,127**
At January 1, 2001	**903**	**374**	**1,277**
Additions	2,070	100	2,170
Disposals	(1)	(24)	(25)
Other changes	(13)	32	19
Translation adjustments	(10)	4	(6)
At December 31, 2001	**2,949**	**486**	**3,435**
Accumulated depreciation	-	(210)	(210)
Net book value At December 31, 2001	**2,949**	**276**	**3,225**

(c) Acquisitions

Acquisition of Blue Circle Industries Plc

On July 11, 2001, pursuant to a merger agreement between the Company and the board of Directors of Blue Circle dated January 8, 2001, which was approved by the shareholders of Blue Circle on February 19, 2001, and after the completion of regulatory approvals in Europe and North America, the Company consummated the acquisition of Blue Circle an international producer of cement and related construction materials headquartered and publicly listed in the United Kingdom.

The Company initiated this acquisition when it acquired approximately 20% of the common stock of Blue Circle, in April 2000, through an unsolicited tender offer which was subsequently rejected by the shareholders of Blue Circle. In conjunction with that offer, Dresdner Bank ("Dresdner") acquired, for its own account, approximately 10% of BCI's outstanding common stock. Based upon a contractual agreement between the Company and Dresdner, any profits resulting from Dresdner's disposal of its holding in BCI's common stock were to be shared between Dresdner and the Company.

Total consideration for the acquisition of Blue Circle was 5,280 million euros. It mainly includes:

- the shares acquired in 2000 for 1,022 million euros,
- the shares acquired in 2001 for 3,804 million euros (net of cash acquired),
- the acquired cash for 248 million euros,
- additional minority interests acquisition for 147 million euros.

It was substantially financed from the proceeds of the February 9, 2001 rights offering (see Note 19), the issuance of a convertible note (see Note 23), the Company's short term credit facilities and short term borrowings.

The acquisition was accounted for using the purchase method of accounting with the results of operations of Blue Circle, other than those entities referred to below, included in the Company's consolidated statements of income from the date of acquisition.

As a consequence of the regulatory approval process in North America, the Company was required by the Canadian Competition Bureau and by the Federal Trade Commission to dispose of certain Blue Circle operations in Canada and in the United States, primarily in the Great Lakes region. The Company, for accounting purposes, has treated these assets as held for sale from the date of acquisition. The results of operations associated with these entities, for the period from acquisition to disposal, are not reflected in the Company's consolidated income statement.

The carrying value of these assets on acquisition was recorded at an amount which reflected the expected proceeds of disposition after taking into consideration the net effect of operations during the hold period and interest costs associated with the incremental borrowings related to the acquisition of these entities. As a consequence of the above accounting, no gain or loss was recorded on the disposal of these operations subsequent to the acquisition date. These dispositions have resulted in net proceeds to the Company of 882 million euros which was used to reduce the Company debt.

All required dispositions resulting from the rulings of the Canadian and American regulatory authorities were completed as of December 31, 2001.

Restructuring provision

Management has adopted formal plans to reduce the capacity of specific operations acquired as well as its own operations. These costs most significantly relate to impairment charges, employee relocation and severance, facility closure costs, and contract terminations. In some regions, the acquisition resulted in overcapacity for the combined entities. In order to reduce overcapacity, some plants owned by the Company before the acquisition were closed. Future costs associated with the cessation of these activities are recorded as obligations related to the acquisition and included in the cost of acquisition.

Purchase price allocation

As of December 31, 2001, the Company has not finalized the allocation of the purchase price. A preliminary estimation of this allocation was prepared and is as follows (in million euros):

Purchase price	**5,280**
Market share	(1,995)
Other property, plant and equipment	(5,445)
Inventories, net	(464)
Accounts receivable-trade, net	(738)
Other receivables	(201)
Cash and cash equivalents	(248)
Minority Interests	635
Provisions	761
Long term debt	746
Accounts payable, trade	381
Other payables	627
Current liabilities	2,737
Fair value of the net assets acquired	**(3,204)**
Goodwill	**2,076**

This goodwill is amortized over 40 years.

Acquisition of Cementos El Monte

On September 8, 2001, the Company acquired 100% of Cementos El Monte for a total consideration of 43 million euros. The company owns grinding plants in the South of Spain.

Cementos El Monte is fully consolidated since September 8, 2001.

Cementos El Monte has been accounted for using the purchase method of accounting. The purchase price, at December 31, 2001, has been allocated as follows (in million euros):

Purchase price	**43**
Fair value of the net assets acquired	(15)
Goodwill	**28**

Acquisition of Kloeber

On September 4, 2001, the Company announced the acquisition of the Kloeber Group, a German manufacturer of roofing components. Kloeber owns two plants in Germany, a joint venture in South Africa and distribution channels in various European countries. The purchase price totaled 16 million euros.

This transaction has been accounted for using the purchase method of accounting. The purchase price, at December 31, 2001, has been allocated as follows (in million euros):

Purchase price	**16**
Fair value of the net assets acquired	(6)
Goodwill	**10**

Acquisition of Pan African Cement Limited

At the end of April 2001, the Company acquired, jointly with Blue Circle Industries, 100% of Pan African Cement Ltd (PAC). PAC owns 84% of Chilanga Cement in Zambia, 75.2% of Portland Cement in Malawi and 63% of Mbeya Cement in Tanzania. These three companies are fully consolidated since April 2001 and have been accounted for using the purchase method of accounting.

The purchase price, at December 31, 2001, has been allocated as follows (in million euros):

Purchase price	**52**
Fair value of the net assets acquired	(23)
Market shares	(23)
Goodwill	**6**

Acquisition of the Cement Division of Raymond Limited

On August 26, 2000, the Company signed an agreement with Raymond Ltd, to acquire a cement plant located in the East of India. The acquisition of 65.26% became effective on January 22, 2001 for a total consideration of 112 million euros. Raymond is fully consolidated since January 2001. This transaction has been accounted for using the purchase method of accounting. The purchase price, at December 31, 2001, has been allocated as follows (in million euros):

Purchase price	**112**
Fair value of the net assets acquired	(72)
Market share	(37)
Goodwill	**3**

On December 31, 2001 the company has increased its interests in Raymond assets (merged with Tisco assets) to 73.13%. This additional acquisition has resulted in a goodwill of 12 million euros.

Acquisition of the Warren Paving Materials Group Limited ("Warren")

In October 2000, the Company acquired Warren, a Kilmer Van Nostrand Co. Limited's wholly-owned subsidiary, for a total consideration of 280 million euros in cash and preferred stock. Warren is a supplier of construction aggregate and provides asphalt and paving services in five Canadian provinces.

This transaction has been accounted for using the purchase method of accounting.

The purchase price, at December 31, 2001, has been allocated as follows (in million euros):

Purchase price	**280**
Property, plant and equipment	(173)
Working capital	(44)
Long-term liabilities	48
Goodwill	**111**

Acquisition of Presque Isle Corporation

In June, 2000, the Company, through its 54% owned subsidiary Lafarge North America, formerly Lafarge Corporation, acquired 100% of Presque Isle Corporation, a Michigan-based company engaged in the production of aggregates for a total cash consideration of approximately 67 million euros.

This transaction has been accounted for using the purchase method of accounting.

The purchase price, at December 31, 2001, has been allocated as follows (in million euros):

Purchase price	**67**
Property plant and equipment	(40)
Working capital	16
Long term liabilities	6
Goodwill	**49**

Acquisition of La Habra Products

In June 2000, the Company acquired 100% of La Habra Products a company based in the United States engaged in the production of stucco products. Total cash consideration was 26 million euros. The Company has accounted for this transaction using the purchase method of accounting. The allocation of the purchase price resulted in a step-up primarily to fixed assets of 8 million euros and a goodwill of 13 million euros. Since the majority of the Specialty Products Division was sold on December 2000, the Company has no majority interests.

Acquisition of Baldini

In March 2000, the Company acquired 100% of Baldini, a Company based in Italy engaged in the production of paint products. The total cash consideration was 19 million euros. The Company has accounted for this transaction using the purchase method of accounting. The purchase price allocation resulted in 8 million euros being allocated to trademarks not previously valued and 11 million euros to goodwill. Since the majority of the Specialty Products Division was sold on December 2000, the Company has no majority interests.

Acquisition of Beni Suef Cement Company

In February, 2000, the Company acquired for cash consideration of approximately 15 million euros, an additional 9.5% interest in the former Beni Suef cement facilities , following a former acquisition of shares made jointly with the cement Greek group Titan, for cash consideration of approximately 57 million euros. In July 1999, the Company's share of this investment increased to 47.5% and was subsequently accounted for on the proportionate consolidation method.

This transaction has been accounted for using the purchase method of accounting.

The purchase price, at December 31, 2001, has been allocated as follows (in million euros):

Purchase price	**72**
Market share	(60)
Property, plant and equipment	(71)
Debt	94
Working capital	(16)
Cash and cash equivalents	(20)
Provisions	1
Goodwill	**–**

Acquisition of RH Cement Corporation renamed Lafarge Halla Cement

In January, 2000, the Company acquired for a total cash consideration of approximately 110 million euros, 39.9% of RH Cement Corporation, a company based in Korea and engaged in the production of cement. Lafarge Halla Cement is consolidated under the proportionate consolidation method. This transaction has been accounted for using the purchase method of accounting.
The allocation of the purchase price to the individual assets and liabilities purchased resulted in a step-up primarily to fixed assets of 96 million euros. The Company did not record an asset for market share nor any goodwill in connection with this acquisition.

Acquisition of Lafarge Braas minority interests

On December 22, 1999, the Company acquired for a total cash and common stock consideration of 594 million euros the residual 43.5% interest in Lafarge Braas that it did not own. The Company initially acquired its controlling interest in Lafarge Braas in conjunction with the acquisition of Redland PLC in December 1997. The Company has consolidated its investment in Lafarge Braas from the date of acquisition. The acquisition was accounted for as a purchase from the date of the contract signing on December 22, 1999. At December 31, 1999 included in other equity is the remaining share consideration due to the minority shareholders which was subsequently issued after the authorized increase in share capital at the annual general meeting in June 2000. The resulting goodwill arising from this transaction was 160 million euros.

Acquisition of the Tata Iron and Steel Company Cement division (“Tisco”)

In November 1999, the Company acquired, for a total cash consideration of approximately 114 million euros, Tisco located in eastern India.
This transaction has been accounted for using the purchase method of accounting.
The purchase price, at December 31, 2001, has been allocated as follows (in million euros):

Purchase price	**114**
Property, plant and equipment	(98)
Working capital	(8)
Market share	(8)
Goodwill	**–**

Acquisition of Pioneer Plasterboard

In August, 1999, the Company purchased an additional 60% of Pioneer Plasterboard (previously accounted for under the equity method) for cash consideration of approximately 34 million euros, increasing its ownership interest to 100%. Pioneer Plasterboard is an Australian based company engaged in the manufacture and sale of Gypsum building products.
This transaction has been accounted for using the purchase method of accounting.
The purchase price, at December 31, 2001, has been allocated as follows (in million euros):

Purchase price	**34**
Fair value of the net assets acquired	(26)
Goodwill	**8**

12 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Changes in property, plant and equipment

(in million euros)	Mineral reserves and land	Buildings	Machinery, equipment, fixtures and fittings	Construction in progress	Total
At January 1, 1999	**1,417**	**1,905**	**8,118**	**539**	**11,979**
Additions	38	161	403	476	1,078
Disposals	(94)	(52)	(366)	(30)	(542)
Change in scope of consolidation	68	181	292	94	635
Other changes	20	53	286	(407)	(48)
Translation adjustments	120	80	535	46	781
At December 31, 1999	**1,569**	**2,328**	**9,268**	**718**	**13,883**
Accumulated depreciation	(147)	(968)	(4,864)	–	(5,979)
Net book value at December 31, 1999	**1,422**	**1,360**	**4,404**	**718**	**7,904**
At January 1, 2000	**1,569**	**2,328**	**9,268**	**718**	**13,883**
Additions	61	250	332	583	1,226
Disposals	(21)	(44)	(270)	(12)	(347)
Change in scope of consolidation	144	(37)	192	(26)	273
Other changes	45	118	338	(473)	28
Translation adjustments	28	28	157	13	226
At December 31, 2000	**1,826**	**2,643**	**10,017**	**803**	**15,289**
Accumulated depreciation	(200)	(1,025)	(5,182)	-	(6,407)
Net book value at December 31, 2000	**1,626**	**1,618**	**4,835**	**803**	**8,882**
At January 1, 2001	**1,826**	**2,643**	**10,017**	**803**	**15,289**
Additions	55	62	561	845	1,523
Disposals	(72)	(68)	(474)	(20)	(634)
Change in scope of consolidation	369	699	4,252	684	6,004
Other changes	46	(99)	678	(652)	(27)
Translation adjustments	20	18	(1)	(5)	32
At December 31, 2001	**2,244**	**3,255**	**15,033**	**1,655**	**22,187**
Accumulated depreciation	(269)	1,503	(7,058)	(4)	(8,834)
Net book value at December 31, 2001	**1,975**	**1,752**	**7,975**	**1,651**	**13,353**

(b) Depreciation of property, plant and equipment

Depreciation on property plant and equipment is as follows:

	Years ended December 31,		
(in million euros)	2001	2000	1999
Depreciation	857	741	646
Impairment charges	26	23	21
Total	**883**	**764**	**667**

(c) Capital leases

The gross value of property, plant and equipment includes 37 million euros and 41 million euros of assets under capital leases for the years ended December 31, 2001 and 2000, respectively. The remaining obligations on such assets total 20 million euros and 22 million euros for the years ended December 31, 2001 and 2000, respectively.

13 INVESTMENTS IN EQUITY AFFILIATES

(a) Changes in the balance of equity affiliates

(in million euros)	2001	2000	1999
Balance of equity affiliates at January 1	**420**	**333**	**316**
Share in net income of affiliates	18	50	51
Dividends received from equity affiliates	(20)	(15)	(14)
New investments or share capital increases	42	32	32
Disposals and reduction in ownership percentage	1	(1)	(21)
Change from equity method to consolidation	-	(28)	(24)
Change from consolidation method to equity	-	39	-
Other changes including translation adjustments	(22)	10	(7)
Balance of equity affiliates at December 31	**439**	**420**	**333**

(b) Summarized combined balance sheet and income statement information of equity affiliates

Combined balance sheet information

	At December 31,								
	2001			2000			1999		
(in million euros)	Total	*Of which Molins*	*Of which Materis*	Total	*Of which Molins*	*Of which Materis*	Total	*Of which Molins*	*Of which Materis*
Long-term assets	2,341	348	606	2,272	340	594	1,634	288	200
Current assets	1,691	322	598	1,772	325	795	1,000	194	115
Total assets	**4,032**	**670**	**1,204**	**4,044**	**665**	**1,389**	**2,634**	**482**	**315**
Total equity	1,323	384	181	1,389	389	182	1,141	306	50
Long-term liabilities	1,539	81	719	964	100	163	969	78	21
Current liabilities	1,170	205	304	1,691	176	1,044	524	98	244
Total shareholders' equity and liabilities	**4,032**	**670**	**1,204**	**4,044**	**665**	**1,389**	**2,634**	**482**	**315**

Combined income statement information

	Years ended December 31,		
(in million euros)	2001	2000	1999
Sales	3 030	1 708	1 517
Operating income on ordinary activities	372	254	223
Operating income	324	193	183
Net income	**54**	**135**	**135**

14 OTHER INVESTMENTS

Components of other investments are as follows:

(in million euros)	At December 31, 2001	2000	1999
Blue Circle (1)	–	1,031	–
Cimpor	317	311	–
Other investments in non-consolidated companies	354	264	293
Long-term equity investments	–	110	120
Total	**671**	**1,716**	**413**

(1) See Notes 4 and 11(c)

(a) Cimpor

At December 31, 2001, Lafarge owns 13,433,000 shares of the Portuguese cement producer Cimpor, which represents 9.99% of its common shares.

(b) Long term equity investments

Long-term equity investments represent interests of between 0.5% and 3% in several listed companies. Changes in the balance of long-term equity investments are as follows:

(in million euros)	Gross book value	Net book value	Net realizable value
At January 1, 1999	**176**	**176**	**308**
Net disposals	(56)	(56)	(134)
Change in net realizable value	–	–	23
At December 31, 1999	**120**	**120**	**197**
Net disposals	(10)	(10)	(41)
Change in net realizable value	–	–	18
At December 31, 2000	**110**	**110**	**174**
Net disposals	(110)	(110)	(315)
Change in net realizable value	-	-	141
At December 31, 2001	**-**	**-**	**-**

15 LONG TERM RECEIVABLES

(in million euros)	At December 31, 2001	2000	1999
Prepaid pension expenses	653	351	190
Other	247	138	194
Long term receivables	**900**	**489**	**384**

16 INVENTORIES

Components of inventories are as follows:

(in million euros)	At December 31, 2001	2000	1999
Raw materials	473	288	303
Work in progress	303	71	48
Finished and semi-finished goods	556	638	576
Maintenance and operating supplies	609	397	385
Inventories, gross	**1,941**	**1,394**	**1,312**
Allowance	(165)	(85)	(75)
Inventories, net	**1,776**	**1,309**	**1,237**

17 ACCOUNTS RECEIVABLE-TRADE

Components of accounts receivable-trade are as follows:

(in million euros)	At December 31, 2001	2000	1999
Account receivable - trade	2,451	1,628	2,050
Valuation allowance	(221)	(133)	(142)
Accounts receivable trade, net	**2,230**	**1,495**	**1,908**

The change in the valuation allowance for doubtful receivables is as follows:

	At December 31,		
(in million euros)	**2001**	**2000**	**1999**
At January 1	**(133)**	**(142)**	**(120)**
Current year addition	(90)	(76)	(75)
Current year release	56	65	67
Cancellation	12	5	7
Other changes	(65)	17	(12)
Translation adjustments	(1)	(2)	(9)
At December 31	**(221)**	**(133)**	**(142)**

In January 2000, the Company entered into multi-year securitization agreements with respect to trade receivables, without recourse. Accounts receivable is presented net of securitized receivables of 438 million euros and 410 million euros at December 31, 2001 and 2000, respectively.
The agreements are guaranteed by subordinated deposits classified in long-term deposits for 125 million euros and 66 million euros at December 31, 2001 and 2000, respectively

18 CASH AND CASH EQUIVALENTS

In order to give a true and fair view of the accounts, in accordance with Article L. 123-14 (formerly Art. 9) of the French Commercial Code, for the year ended December 31, 2000, the Company included in cash and cash equivalents a receivable of 667 million euros representing the cash received on January 22, 2001, related to the sale of the major part of the Specialty Products division.
The agreement between the Company and the counterpart to the sale was effectively a note with a 30-day maturity period. Due to the imminent maturity of the note, the Company believes that the presentation as a cash equivalent more accurately depicts its financial position at December 31, 2000. This presentation is consistent with that of previous major acquisitions occurring immediately prior to and after the end of the Company's year.

19 SHAREHOLDERS' EQUITY

(a) Common stock

At December 31, 2001, Lafarge common stock comprised 130,145,800 shares of 4 euros each.
At December 31, 2001, voting rights attributed to the outstanding shares totaled 140,832,653, after inclusion of the double voting rights attached to registered shares held at least two years and cancellation of the voting rights associated with treasury stock.

(b) Stock rights issue

On February 9, 2001, the Company issued stock rights in a 1 for 8 underwritten rights offering to shareholders at a price of 80 euros per share. The rights were subsequently converted to 14,110,592 common shares. The total proceeds from this offering, net of issuance costs, approximated 1,113 million euros.

(c) Warrants

At December 31, 2000, the Company had 8,279,784 warrants outstanding. These warrants resulted from the issuance on March 20, 2000 of debt redeemable in shares. The warrants were convertible into common stock of the Company at a conversion ratio of 4 warrants per common share and expired on March 20, 2001. The warrants were converted into 2,098,811 common shares.

20 MINORITY INTERESTS

(in million euros)	**2001**	**2000**	**1999**
At January 1	**1,707**	**1,598**	**1,489**
Share of net income	270	213	259
Translation adjustments	16	61	182
Dividends paid	(65)	(60)	(97)
Other changes	623	(41)	(235)
Effect of the change in accounting for deferred taxes	-	(64)	-
At December 31	**2,551**	**1,707**	**1,598**

21 OTHER EQUITY

Other equity includes investment subsidies. In addition, pursuant to an agreement dated December 22, 1999, the Company agreed to issue shares to acquire the minority interest in Lafarge Braas. The related shares were issued in June 2000 after an increase in the Company's authorized share capital, for total consideration of 286 million euros which is included in other equity at December 31, 1999

22 PROVISIONS

(a) Changes in the balance of provisions

(in million euros)	Pensions and other post-retirement benefits	Restructuring provisions	Site restoration and environmental provisions	Other provisions	Total
At January 1, 1999	**541**	**114**	**174**	**261**	**1,090**
Current year addition, net	47	25	27	66	165
Current year release	(21)	(72)	(26)	(69)	(188)
Other changes	(11)	22	4	38	53
Translation adjustments	31	6	11	-	48
At December 31, 1999	**587**	**95**	**190**	**296**	**1,168**
Current year addition, net	74	28	22	79	203
Current year release	(56)	(52)	(32)	(77)	(217)
Other changes	(19)	27	9	40	57
Translation adjustments	13	3	1	-	17
At December 31, 2000	**599**	**101**	**190**	**338**	**1,228**
Current year addition, net	88	39	42	136	305
Current year release	(80)	(148)	(42)	(217)	(487)
Other changes	164	219	(8)	259	634
Translation adjustments	7	-	2	(1)	8
At December 31, 2001	**778**	**211**	**184**	**515**	**1,688**

(b) Pensions and other post-retirement benefits

For the majority of schemes, significant gains and losses on the financial position of plans arising from actual results that differ from expectations, changes in actuarial assumptions, and amendments to pension plans are charged or credited to income over the service lives of the related employees.

The following provides a reconciliation of the obligations, the plan assets and the funded status of the plans for the two years indicated, (in million euros):

(in millions of euros)	Pension benefits		Other benefits		Total	
	31/12/01	31/12/00	31/12/01	31/12/00	31/12/01	31/12/00
AMOUNTS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION CONSIST OF						
Prepaid pension asset	653	351	0	0	653	351
Accrued pension liability	(511)	(374)	(267)	(225)	(778)	(599)
Net amount recognized at end of period	**142**	**(23)**	**(267)**	**(225)**	**(125)**	**(248)**
COMPONENTS OF NET PERIODIC PENSION COST						
Prior service cost	92	52	6	5	98	57
Interest Cost	186	115	16	14	202	129
Expected Return on Plan Asset	(247)	(154)	0	0	(247)	(154)
Amortization of Prior Service Cost	2	2	0	(1)	2	1
Amortization of Transition (Asset) Obligation	1	1	0	0	1	1
Amortization of actuarial (Gain) Loss	(4)	(8)	0	0	(4)	(8)
Actuarial (Gains) Losses	(2)	3	6	(7)	4	(4)
Special termination benefits	5	0	0	0	5	0
Curtailment Gain	0	(1)	0	0	0	(1)
Settlement (Gain) Loss	0	(3)	0	0	0	(3)
Divestitures	(2)	0	0	0	(2)	0
Net Periodic Pension Cost	**31**	**7**	**28**	**11**	**59**	**18**
Defined Contribution Plan Cost	0	8	0	0	0	8
Net Retirement Cost	**31**	**15**	**28**	**11**	**59**	**26**
CHANGE IN PROJECTED BENEFIT OBLIGATION						
Projected Benefit Obligation at beginning of period	**2,015**	**1,839**	**226**	**184**	**2,241**	**2,023**
Exchange rate change	83	35	10	10	93	45
Service cost	92	45	6	5	98	50
Interest cost	186	116	16	14	202	130
Employees contributions	10	6	0	0	10	6
Plan amendments	0	0	1	(1)	1	(1)
Curtailment	1	(1)	0	0	1	(1)
Settlement	0	(20)	0	0	0	(20)
Business combinations	2,024	38	23	18	2,047	56
Divestitures	(16)	(4)	0	0	(16)	(4)
Special termination benefits	5	0	2	0	7	0
Benefits paid	(182)	(102)	(20)	(15)	(202)	(117)
Actuarial (Gains) Losses	(12)	63	27	11	15	74
Projected Benefit Obligation at end of period	**4,206**	**2,015**	**291**	**226**	**4,497**	**2,241**
CHANGE IN PLAN ASSETS						
Fair value of plan Assets at beginning of period	**2,028**	**1,959**	**2**	**2**	**2,010**	**1,961**
Exchange change rate	90	46	0	0	90	46
Actual return on Plan assets	(274)	21	0	0	(274)	21
Employer contributions	54	25	20	0	74	25
Employees contributions	10	6	0	0	10	6
Benefits paid	(175)	(89)	(20)	0	(195)	(89)
Settlement	0	(17)	0	0	0	(17)
Business combinations	2,142	59	0	0	2,142	59
Divestitures	(9)	0	0	0	(9)	0
Administrative expenses	(4)	(2)	0	0	(4)	(2)
Fair value of Plan Assets at end of period	**3,842**	**2,008**	**2**	**2**	**3,844**	**2,010**
RECONCILIATION OF (ACCRUED)/PREPAID BENEFIT COST						
Funded Status at end of period	**(364)**	**7**	**(289)**	**(224)**	**(653)**	**(231)**
Unrecognized Actuarial (Gain) Loss	493	(33)	23	0	516	(33)
Unrecognized Transition (Asset) Obligation	3	13	(1)	0	2	13
Unrecognized Prior Service Cost	10	4	0	(1)	10	3
Prepaid (Accrued) Pension Cost at end of period	**142**	**(23)**	**(267)**	**(225)**	**(125)**	**(248)**

Principal actuarial assumptions are as follows:

	USA		Canada		UK		Euro zone (except France, Spain, Greece)		France		Spain		Greece	
	2001 %	2000 %	2001 %	2000 %	2001 %	2000 %	2001 %	2000 %	2001 %	2000 %	2001 %	2000 %	2001 %	2000 %
Discount Rate	7.75	7.75	6.50	6.95	5.50	5.50	5.75	6.00	5.75	6.00	5.75	6.00	6.25	*
Expected return rate on assets	9.00	9.00	9.00	9.00	7.50	7.50	8.00	*	5.82	4.50	5.75	5.50	*	*
Salary increase	4.50	4.50	3.50	3.50	4.50	5.00	2.00 to 3.50	2.50	2.00 to 3.50	2.50	2.40	2.40	4.75	*

(*) not applicable

23 DEBT

(a) Analysis of debt by type

	At December 31,		
(in million euros)	2001	2000	1999
Debenture loans & senior notes	6,828	3,466	2,902
Bank loans & credit lines	3,284	3,138	1,851
Commercial paper	1,590	743	825
Other notes	798	738	573
Other	404	291	320
Total debt	**12,904**	**8,376**	**6,471**
Current portion of long term debt	(1,350)	(579)	(655)
Short-term borrowings	(513)	(307)	(296)
Total long-term debt	**11,041**	**7,490**	**5,520**

Debenture loans and senior notes

At December 31, 2001, debentures consist of fixed rate bonds which bear a weighted average interest rate of 5.7%. The maturity on debenture loans range from 2002 to 2013, with the average maturity being 2007. In 2001, the Company issued:
- on June 29th, 1.3 billion convertible euro bonds bearing a fixed, effective interest rate of 3.5% with a 4.5 -year maturity,
- on November 6th, 1 billion in euro bonds bearing a fixed interest rate of 5.875% with a 7 -year maturity,
- on November 6th and December 20th, 350 million in British pound bonds bearing a fixed interest rate of 6.875% with an 11 -year maturity,
- on December 4th, 250 million in euro bonds bearing a fixed interest rate of 4.625% with a 3.25 -year maturity.

Bank loans and credit lines

At December 31, 2001, long-term committed credit lines available to the Company total approximately 4.2 billion euros, of which 2.9 billion euros are not utilized. The weighted average interest rate on these credit lines and bank loans is approximately 5.5%.

Commercial paper

The Company's euro denominated commercial paper program at December 31, 2001 allows for a maximum issuable amount of 4.0 billion euros. At December 31, 2001, the commercial paper issued under this program totals 1.38 billion euros. Euro denominated commercial paper bears an average interest rate based upon the European inter-bank offer rate ("Euribor"), plus an average of 14 basis points, and has initial maturity ranging from 3 months to 1 year. At year end, the average interest rate of the euro denominated commercial paper is 3.69%.

The Company also has USD denominated commercial paper programs issued though its subsidiaries Lafarge North America and Blue Circle Industries Plc. These programs allow for a maximum issuable amount of 900 million US dollars (1.021 billion euros). At December 31, 2001, the commercial paper issued under these programs totals 210 million euros. USD denominated commercial paper bears an average interest rate based upon the London inter-bank offer rate ("Libor"), plus an average of 69 basis points and has initial maturity ranging from 2 weeks to one year. At December 31, 2001, the average interest rate of this commercial paper is 3.15%.

Other notes

Other notes principally consist of Euro notes with a weighted average interest rate of 5.3%. The average date of maturity is 2004.

The Group has in particular set up a Euro Medium-Term Note program (EMTN); the maximum amount available under this program increased from 3 billion euros in 2000 to 7 billion euros in 2001. At December 31, 2001, the total amount of Euro Medium-Term Notes issued was approximately 3.365 billion euros including 3.205 billion euros of debenture loans.

(b) Analysis of debt by maturity

(in million euros)	**At December 31, 2001**
2002	1,863
2003	931
2004	2,202
2005	1,612
2006	2,274
Beyond 5 years	4,022
	12,904

At December 31, 2001, 1,662 million euros of short-term debt has been classified as long-term based upon the Company's ability to refinance these obligations on a long-term basis.

(c) Analysis of debt by currency

	At December 31,					
	2001		**2000**		**1999**	
(in million euros)	**Before swaps**	**After swaps**	**Before swaps**	**After swaps**	**Before swaps**	**After swaps**
Euro (EUR)	8,498	5,850	5,087	3,988	4,517	3,205
US dollar (USD)	1,872	3,647	1,208	2,308	1,048	1,977
British pound (GBP)	1,221	2,064	1,455	1,364	389	699
Japanese yen (JPY)	122	118	132	155	59	59
Malaysian ringgit (MYR)	282	282	-	-	-	-
Other	909	943	494	561	458	531
Total	**12,904**	**12,904**	**8,376**	**8,376**	**6,471**	**6,471**

(d) Analysis of debt by category

	At December 31,					
	2001		**2000**		**1999**	
(in million euros)	**Before swaps**	**After swaps**	**Before swaps**	**After swaps**	**Before swaps**	**After swaps**
Floating rate	5,170	4,128	4,127	3,123	3,094	2,451
Fixed rate below 6%	4,531	5,015	1,964	2,355	1,913	2,291
Fixed rate between 6% and 10%	2,707	3,231	1,923	2,516	1,195	1,434
Fixed rate 10% and over	496	530	362	382	269	295
Total	**12,904**	**12,904**	**8,376**	**8,376**	**6,471**	**6,471**

The average spot interest rate of the gross indebtedness, as at December 31, 2001, is 5.4% (6.6% as at December 31, 2000 and 6.1% as at December 31, 1999).

Some of the Companies debt agreements require the compliance with certain restrictions. As at December 31, 2001, the Company was, in all material respects, in compliance with these requirements.

24 FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments with off-balance sheet risk to manage market risk exposures. Financial instruments are entered into by the Company solely to hedge such exposures on anticipated transactions or firm commitments. The Company does not enter into derivative contracts for speculative purposes.

(a) Foreign currency risk

In the course of its operations, the Company's policy is to hedge all material foreign currency exposures arising from its transactions, using derivative instruments as soon as a firm or highly probable commitment is entered into or known. These derivative instruments are limited to forward contracts and foreign currency options, with a term generally less than one year.

The Company's operating policies reduce potential foreign currency exposures by requiring all liabilities and assets of controlled companies to be denominated in the same currency as the cash flows generated from operating activities, the functional currency. The Company may amend this general rule under special circumstances in order to take into account specific economic conditions in a specific country such as, inflation rates, interest rates, and currency related issues such as convertibility and liquidity. When needed, currency swaps are used to convert debts most often raised in euros, into foreign currencies.

Foreign currency hedging activity

At December 31, 2001 all forward contracts had a maturity date less than one year. The nominal value of hedging instruments outstanding at year-end is as follows:

	At December 31,		
(in million euros)	**2001**	**2000**	**1999**
Forward contract purchases			
US dollar (USD)	37	33	98
British pound (GBP)	264	264	-
Swedish krona (SEK)	-	19	1
Canadian dollar (CAD)	39	-	-
Other currencies	10	9	2
Total	**350**	**325**	**101**

	At December 31,		
(in million euros)	**2001**	**2000**	**1999**
Forward contract sales			
US dollar (USD)	1,794	1,085	995
British pound (GBP)	1,189	168	337
Swiss franc (CHF)	41	50	21
Swedish krona (SEK)	1	24	33
Japanese yen (JPY)	20	21	26
Other currencies	10	16	63
Total	**3,055**	**1,364**	**1,475**

(b) Interest rate risk

The Company is primarily exposed to fluctuations in interest rates based upon the following:

- price risk with respect to fixed-rate financial assets and liabilities. Interest rate fluctuations impact the market value of fixed-rate assets and liabilities;
- cash flow risk for floating rate assets and liabilities. Interest rate fluctuations have a direct effect on the financial income or expense of the Company.

In accordance with established policies, the Company seeks to mitigate these risks, using to a certain extent interest rate swaps.

Interest rate hedging activity

The notional value of hedging instruments outstanding at year-end is as follows:

		At December 31, 2001						
		Maturities of notional contract values						
(in million euros)	AVERAGE FIXED RATE	2002	2003	2004	2005	2006	> 5 years	Total
Interest rate swaps	PAY FIXED							
Euro (EUR)	7.70 %	234	77	-	865	119	221	**1,516**
British pound (GBP)	7.03 %	56	-	-	-	-	-	**56**
Polish zloty (PLN)	12.74 %	-	-	-	-	14	13	**27**
South African rand (ZAR)	14.64 %	3	2	2	-	-	-	**7**
Morrocan dirham (MAD)	5.75 %	35	-	-	-	-	-	**35**
Interest rate swaps	RECEIVE FIXED							
Euro (EUR)	7.17 %	–	–	–	7	–	–	**7**
Japanese yen (JPY)	3.00 %	17	–	–	–	–	–	**17**
Interest rate swaps	PAY AND RECEIVE FLOATING							
Euro (EUR)	-	175	50	-	46	-	-	**271**
Total		**520**	**129**	**2**	**918**	**133**	**234**	**1,936**

		At December 31, 2000						
		Maturities of notional contract values						
(in million euros)	AVERAGE FIXED RATE	2001	2002	2003	2004	2005	> 5 years	Total
Interest rate swaps	PAY FIXED							
Euro (EUR)	7.06 %	99	234	77	-	835	221	**1,466**
British pound (GBP)	7.12 %	48	54	-	-	-	-	**102**
South African rand (ZAR)	14.64 %	4	4	4	3	-	-	**15**
Interest rate swaps	RECEIVE FIXED							
Swiss franc (CHF)	2.77 %	20	-	-	-	-	-	**20**
Euro (EUR)	5.17 %	2	2	2	2	47	-	**55**
Japanese yen (JPY)	3.00 %	-	19	-	-	-	-	**19**
Interest rate swaps	PAY AND RECEIVE FLOATING							
Euro (EUR)	–	–	175	–	–	–	-	**175**
Total		**173**	**488**	**83**	**5**	**882**	**221**	**1,852**

(in million euros)	AVERAGE FIXED RATE	At December 31, 1999						
		Maturities of notional contract values						
		2000	2001	2002	2003	2004	> 5 years	Total
Interest rate swaps	PAY FIXED							
Euro (EUR)	7.71 %	222	99	84	77	-	739	**1,221**
British pound (GBP)	7.24 %	48	48	55	-	-	-	**151**
Swedish krona (SEK)	6.03 %	16	-	-	-	-	-	**16**
South African rand (ZAR)	14.64 %	4	4	4	4	3	-	**19**
Interest rate swaps	RECEIVE FIXED							
Swiss franc (CHF)	2.77 %	-	19	-	-	-	-	**19**
Euro (EUR)	7.09 %	141	2	2	2	2	47	**196**
British pound (GBP)	7.00 %	8	-	-	-	-	-	**8**
Japanese yen (JPY)	2.97 %	39	-	19	-	-	-	**58**
Interest rate swaps	PAY AND RECEIVE FLOATING							
Euro (EUR)	-	-	-	5	-	-	-	**5**
US Dollar (USD)	-	30	-	-	-	-	-	**30**
Forward rate agreements								
Polish zloty (PLN)	18.95 %	6	-	-	-	-	-	**6**
Total		**514**	**172**	**169**	**83**	**5**	**786**	**1,729**

The notional amounts of derivatives represent the face value of financial instruments. They do not represent actual amounts exchanged by the counterparties and thus are not a direct measure of the Company's exposure to interest rate risk. Notional amounts in foreign currency are expressed in euros at the year-end exchange rate.

(c) Commodity risk

The Company is subject to risk of price changes in certain commodities principally in the coal, petcoke, gas, clinker and electricity markets. The Company may, from time to time, use derivatives to manage its exposure to commodity risk. At December 31, 2001, such commitments were limited to forward purchase contracts for electricity and were non significant.

(d) Counterparty risk

The Company is exposed to credit risk in the event of a counterparty's default. The Company limits its exposure to counterparty risk by rigorously selecting the counterparties with which it executes agreements. Counterparty risk is monitored by using exposure limits calculated according to several criteria (rating assigned by rating agencies, assets and equity), as well as the nature and maturity of operations. These limits are regularly updated. The Company's exposure to credit risk is limited and the Company believes that there is no material concentration of risk with any counterparty. The Company does not anticipate any third party default that might have a significant impact on the Company's financial statements.

(e) Fair values

The fair values of financial instruments have been estimated on the basis of available market quotations, or using various valuation techniques, such as present value of future cash flows. However, the methods and assumptions followed to disclose fair values are inherently judgmental. Thus, estimated fair values do not necessarily reflect amounts that would be received or paid in case of immediate settlement of these instruments.

The use of different estimations, methodologies and assumptions may have a material effect on the estimated fair value amounts. The methodologies used are as follows:

Cash and cash equivalents, accounts receivables, accounts payable, short-term bank borrowings: due to the short-term nature of these balances, the recorded amounts approximate fair values.

Marketable securities and investment securities: estimated fair value of publicly traded securities are based on quoted market prices at December 31, 2001, 2000 and 1999. For other investments for which there are no quoted price, a reasonable estimate of fair value could not be made without incurring excessive costs.

Debenture loans: the fair values of the debenture loans were estimated at the quoted value for borrowings listed on a sufficiently liquid market.

Long-term debt: the fair values of long-term debt were determined by estimating future cash flow on a borrowing-by-borrowing basis, and discounting these future cash flows using an interest rate which takes into consideration the Company's incremental borrowing rate at year end for similar types of debt arrangements.

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

The following details the cost and fair values of recorded and unrecorded financial instruments:

	At December 31,					
	2001		2000		1999	
(in million euros)	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Balance sheet financial instruments						
ASSETS						
Cash and cash equivalents	1,201	1,201	1,740	1,740	1,061	1,061
Accounts receivable, trade	2,230	2,230	1,495	1,495	1,908	1,908
Investments (other than equity affiliates)	671	621	1,716	1,916	413	632
LIABILITIES						
Short-term bank borrowings	513	513	307	307	296	296
Accounts payable, trade	1,467	1,467	1,114	1,114	1,041	1,041
Debenture loans	6,633	6,679	3,219	3,140	2,610	2,528
Other long-term debt	5,758	5,771	4,850	4,875	3,565	3,580
Derivative instruments						
Interest rate swaps and forward rate agreements	-	(211)	-	(211)	-	(224)
Forward exchange contracts	-	(37)	-	59	-	(19)

25 COMMITMENTS AND CONTINGENCIES

The following details collateral guarantees and other guarantees provided by the Company.

	At December 31,		
(in million euros)	**2001**	**2000**	**1999**
Securities and assets pledged	161	264	54
Property collateralizing debt	566	214	71
Guarantees given	404	223	397
Total	**1,131**	**701**	**522**

The following details the Company's significant expenditure commitments.

	At December 31,		
(in million euros)	**2001**	**2000**	**1999**
Capital expenditure commitments	337	98	52
Operating leases	400	205	140
Other commitments	49	44	75
Total	**786**	**347**	**267**

The Company leases certain land, building and equipment. Total rental expense under operating leases was 41 million euros, 64 million euros and 53 million euros for each of the three years ended December 31, 2001, 2000 and 1999, respectively. The table below shows the future minimum lease payments due under non-cancelable operating leases. At December 31, 2001, such payments total 400 million euros:

	Year ended December 31,						
(in million euros)	**2002**	**2003**	**2004**	**2005**	**2006**	**Thereafter**	TOTAL
Operating leases	84	67	46	34	24	145	400

The Company, as part of its activities in purchasing certain entities, has granted co-investors put options. The exercise of these options would result in the third parties requiring the Company to purchase, at a predetermined price, the shares held by them. The result would increase the Company's percentage of ownership interest in these companies. Assuming that all of these options were exercised, the additional purchase price to be paid in cash by the Company resulting from such exercise would amount to 742 million euros as of December 31, 2001. Based upon the terms of these agreements, a portion of the total amount could be exercised in 2002 and 2003 for 113 million euros and 322 million euros respectively.

26 LITIGATION

Litigation

On March 28, 2001, Dunn Industrial Group, Inc. ("Dunn Industrial") filed a lawsuit against Lafarge North America and the City of Sugar Creek, Missouri in the Circuit Court of Jackson County, Missouri at Kansas City. In the suit, Dunn Industrial, the general contractor for the construction of Lafarge North America new cement plant in Sugar Creek, Missouri, alleges that Lafarge North America expanded the scope of work expected of Dunn Industrial in the construction of the plant without commensurate increases in time required for performance and amounts to be paid to Dunn Industrial. In connection therewith, the suit alleges breach of contract, quantum meruit, breach of warranty and negligent misrepresentation and seeks foreclosure of mechanic's liens against Lafarge North America and the City of Sugar Creek, Missouri. Dunn Industrial appears to be seeking in excess of $67 million in damages. The amount of the liability of Lafarge North America in connection with this suit remains uncertain. To date, the trial court has considered only whether issues raised by Dunn Industrial must be arbitrated rather than litigated. Lafarge North America has appealed the trial court's ruling that Dunn Industrial may proceed without first seeking arbitration, on which ruling the appellate court has yet to rule. Lafarge North America intends to vigorously defend the suit.

The European Commission is continuing its investigation on the European gypsum industry. On April 20, 2001, the European Commission notified the Group, along with four other gypsum producing companies, of a statement of objections regarding the existence of a possible price-fixing cartel in the European gypsum plasterboard market. A statement of objection is a legal step in proceedings under Article 81of the European Union Treaty, which bans cartels and other damaging concerted business practices. It does not prejudge the outcome of the investigation, as the companies involved have the right to answer the European Commission's objections, to have access to the file and to request a formal hearing. The Group has answered the statement of objections and attended the hearing with a full denial concerning any wrongdoings by its Gypsum subsidiaries. No decision was made yet further to this investigation by the European Commission.

Environment

In The Netherlands, a former subsidiary of the Group, Tollens Coatings B.V., is one of the defendants in an action brought in 1990 by the government in connection with the discharge of certain waste in the Lekkerker canal between 1968 and 1971. At that time, Tollens Coatings B.V. operated a paint manufacturing plant and had hired another company to carry and dispose of waste produced by the plant. The government is seeking Dutch guilders 160,000,000 in damages, plus interest. Tollens Coatings B.V. contends that it did not instruct the disposal company to dump the waste in the Lekkerker canal and that it had no knowledge of the disposal company's conduct. With the consent of the parties, the proceedings, which are still at the level of first instance, have been postponed several times by the court and since late 1993 no proceedings on the merits have taken place. In July 2001, the Dutch government took sufficient action to delay the running of the statute of limitations, without any other consequence. As a result, the case is still pending. Tollens Coating B.V. was disposed of with the Specialty Products division. However, pursuant to the disposition arrangements, the Group has agreed to indemnify the acquirers for any damages incurred in connection with this litigation.

Finally, certain subsidiaries have litigation and claims pending in the normal course of business. Management is of the opinion that these matters will be settled without any material adverse effect on the Company's financial statements.

27 RELATED PARTY TRANSACTIONS

Transactions with equity affiliates were not material in 2001. The transactions entered into with other related parties were made under normal terms and conditions, similar to those normally granted to comparable groups.

With respect to the acquisition of Blue Circle on July 11, 2001, Lafarge S.A. granted Lafarge North America (formerly Lafarge Corporation) the right to buy certain cement and construction material activities in North America formerly owned by Blue Circle. The option to purchase these assets can be exercised between July 1, 2002 and December 31, 2004 at a purchase price of USD 1,400 million, subject to certain adjustments as of the date of acquisition.

In addition, under an agreement signed between Lafarge North America and Blue Circle North America, Lafarge North America manages, in exchange for a management fee, the aforementioned assets for the period from July 11, 2001 to December 31, 2002.

28 EMPLOYEES COSTS AND DIRECTORS' AND EXECUTIVE OFFICERS' COMPENSATION FOR SERVICES

(a) Employees and employees costs

	At December 31,		
	2001	2000	1999
Management staff	10,811	7,546	8,539
Non-management staff	72,081	58,407	62,406
Total number of employees	**82,892**	**65,953**	**70,945**

	Years ended December 31,		
(in million euros)	2001	2000	1999
Employees costs	**2,550**	**2,253**	**1,892**

(b) Directors' and executive officers' compensation for services

(in million euros)	Year ended December 31,		
	2001	2000	1999
Board of Directors*	0.6	0.5	0.4
Senior Executives	8.6	8.1	8.1
Total	**9.2**	**8.6**	**8.5**

* Directors' fees

29 MAIN DIFFERENCES BETWEEN THE COMPANY'S ACCOUNTING POLICIES AND US GAAP

Since the Company's shares are listed on the New York Stock Exchange (NYSE), Lafarge prepares its financial statements in accordance with US GAAP and files a Form 20F with the United States Securities and Exchange Commission ("SEC") which includes these financial statements published in France as well as a reconciliation between the net income and shareholders' equity prepared in accordance with French GAAP and their equivalent under US GAAP.

The Company's reconciliation to US GAAP is completed and filed subsequent to the reference document filed with the French regulatory agency, the Commission des Opérations Boursières. The main differences between these two sets of accounting principles with respect to the income statement and shareholders' equity result from the accounting treatment of negative goodwill, the accounting treatment of market shares and trademark amortization, business combinations in hyper-inflationary countries, restructuring provisions, provision for unrealized foreign exchange losses, site restoration provisions, stock based compensation, marketable securities and the amortization of Blue Circle Industries Plc (BCI) goodwill. The goodwill arising from BCI acquisition on July 11, 2001 is not amortized under US GAAP, but will be subject to impairment tests.

The reconciliation between the net income and the net equity under the two accounting standards for 2001 presented in Form 20-F will be available on April 30, 2002 on the Company's Internet site: www.lafarge.com subsequent to the filing with the SEC and can be requested by shareholders from the Company's registered office.

30 SCOPE OF CONSOLIDATION

	Divisions					Consolidation method and percentage as of 12/31/2001		
Country and companies	**Cement**	**Aggregates & Concrete**	**Roofing**	**Gypsum**	**Others**	**Method**	**% Control**	**% interest**
Argentina								
Durlock S.A.				■		Proportionate	40.00	40.00
Australia								
Pioneer Plasterboard				■		Full	100.00	100.00
Austria								
Lafarge Perlmooser AG	■	■				Full	100.00	98.00
Schiedel Kaminwerke GmbH			■			Full	100.00	100.00
Bramac Dachsysteme International GmbH			■			Proportionate	50.00	50.00
Ziegelwerke Gleinstätten GmbH & Co KG			■			Equity	25.00	25.00
Bengladesh								
Lafarge Surma Cement	■					Full	100.00	100.00
Bosnia								
Schiedel Sistemi Dimnjaka d.j.l			■			Full	100.00	100.00
Brazil								
Companhia Nacional de Cimento Portland	■					Full	99.75	99.75
Concrebras	■	■				Full	100.00	90.83
Gipsita SA Mineraçào, Industria E commercio				■		Proportionate	60.00	60.00
Cimento Tupi S.A.	■					Equity	20.00	19.95
Lafarge Roofing Brazil			■			Full	100.00	100.00
Bulgaria								
Bramac Sistem EOOD			■			Proportionate	50.00	50.00
Cameroon								
Cimenteries du Cameroun	■					Full	56.73	56.73
Chile								
Sociedad Industrial Romeral S.A.				■		Proportionate	40.00	40.00
Empresas Melon SA	■	■			Mortars	Full	84.21	84.01
China								
Beijing Chinefarge Cement Limited Liability Company	■					Full	65.00	56.79
Beijing Ycheng Lafarge Concrete		■				Full	76.71	67.03
Lafarge Onoda Gypsum Shanghai				■		Proportionate	50.00	24.54
Dujiangyan	■					Full	75.00	65.53
Lafarge Roofing System China Ltd			■			Full	100.00	100.00
Czech Republic								
Cízkovická Cementárna a.s.	■	■				Full	96.37	94.48
Denmark								
Lafarge Braas Damsk Tag A/S			■			Full	100.00	100.00
Egypt								
Beni Suef Cement Company	■					Proportionate	47.50	47.50
Alexandria Portland Cement Company	■					Proportionate	50.00	37.82
Finland								
Lafarge Roofing Ormax Katot Oy			■			Full	100.00	100.00

	Divisions					Consolidation method and percentage as of 12/31/2001		
Country and companies	**Cement**	**Aggregates & Concrete**	**Roofing**	**Gypsum**	**Others**	**Method**	**% Control**	**% interest**
France and Overseas								
Lafarge Ciments	■					Full	100.00	100.00
Société des Ciments Antillais	■	■				Full	69.16	69.16
Lafarge Bétons		■				Full	100.00	100.00
Lafarge Granulats		■				Full	100.00	100.00
Lafarge Plâtres				■		Full	100.00	100.00
MATERIS					Speciality Products	Equity	33.36	33.36
Lafarge Couverture SA			■			Full	100.00	100.00
Germany								
Lafarge Zement GmbH	■	■				Full	100.00	100.00
Lafarge Gips GmbH				■		Full	100.00	100.00
Lafarge Roofing GmbH			■			Full	100.00	100.00
Lafarge Dachsysteme GmbH			■			Full	100.00	100.00
Lafarge Roof System Components Gmbh & Co			■			Full	100.00	100.00
RuppKeramik GmbH			■			Full	100.00	100.00
Schiedel GmbH & Co			■			Full	100.00	100.00
Kloeber GmbH & Co KG			■			Full	100.00	100.00
Greece								
Hellamat		■				Full	100.00	100.00
Heracles General Cement	■	■				Full	53.17	53.04
Honduras								
Industria Cementera Hondurena	■					Full	53.00	52.44
India								
Lafarge India Ltd	■					Full	73.13	73.13
Indonesia								
P.T. Semen Andalas Indonesia	■					Full	87.66	85.07
P.T. Lafarge Roofing Indonesia			■			Full	100.00	100.00
P.T. Petrojaya Boral Plasterboard Indonesia				■		Proportionate	50.00	42.90
Ireland								
Lafarge Plasterboard Ireland Ltd				■		Full	100.00	100.00
Redland Tile and Brick Ltd			■			Full	100.00	100.00
Italy								
Lafarge Adriasebina	■	■				Full	100.00	98.95
Lafarge Gessi SpA				■		Full	100.00	100.00
Lafarge Roofing Italia SpA			■			Full	100.00	100.00
Japan								
Lafarge Braas Roofing Japan Co. Ltd			■			Full	60.94	60.94
ASO Cement	■	■				Equity	39.40	22.46
Jordan								
Jordan Cement Factory	■					Full	47.52	47.52
Kenya								
Bamburi Cement Ltd	■					Full	73.31	57.68
Korea								
Lafarge Buycksan Gypsum				■		Proportionate	65.86	49.70
Lafarge Halla Cement	■					Proportionate	39.90	39.90

	Divisions					Consolidation method and percentage as of 12/31/2001		
Country and companies	**Cement**	**Aggregates & Concrete**	**Roofing**	**Gypsum**	**Others**	**Method**	**% Control**	**% interest**
Malawi								
Portland Malawi	■					Full	75.20	75.20
Malaysia								
Lafarge Roofing Malaysia Sdn Bhd			■			Full	100.00	100.00
Associated Pan Malaysia Cement Sdn Bhd	■					Full	100.00	60.73
Kedah Cement Sdn Bhd	■					Full	77.41	47.02
Supermix concrete Malaysia Sdn Bhd		■				Full	70.00	37.50
Boral Plasterboard Malaysia				■		Proportionate	50.00	30.03
Morocco								
Lafarge Maroc	■	■				Full	50.00	51.11
Mexico								
California Clay Tile de Mexico S.A. de C.V.			■			Equity	50.00	50.00
Cemento Portland Blanco de Mexico	■					Full	100.00	98.95
Netherlands								
Gyvlon BV				■		Full	100.00	100.00
Lafarge Gips BV				■		Full	100.00	100.00
Lafarge Dakproducten BV			■			Full	100.00	100.00
Nigeria								
West African Portland Cement Company	■					Full	50.01	49.89
North America								
Lafarge Canada	■	■		■		Full	54.26	53.92
Lafarge Corporation	■	■		■		Full	54.26	53.92
Carmeuse North America					Lime	Equity	40.00	40.00
Monier Inc			■			Full	100.00	100.00
Lafarge Road Marking System					Road Markings	Full	100.00	100.00
Blue Circle North America	■	■				Full	100.00	99.76
Bulk Materials Inc	■					Equity	47.55	47.55
Norway								
Lafarge Roofing Norske Tak AS			■			Full	100.00	100.00
Philippines								
Lafarge Philippines	■					Full	100.00	100.00
CPAC Monier Philippines Inc.			■			Proportionate	50.00	50.00
Republic Cement Corporation	■					Full	95.79	95.58
Boral Philippines				■		Proportionate	50.00	42.90
Poland								
Lafarge Polska Spolka Akcyja	■	■			Lime	Full	77.57	76.02
Braas Polska Sp z.o.o			■			Full	100.00	100.00
Rupp Ceramika Polska Sp z.o.o			■			Full	100.00	100.00
Lafarge Gips Polska				■		Full	100.00	100.00
Romania								
Lafarge Romcim SA	■	■			Lime	Full	92.54	71.40
Russia								
OAO Voskresenskcement	■					Full	83.85	83.85
OOO Braas DSK 1			■			Full	67.10	67.10
Singapore								
Blue Circle Materials Singapore	■					Full	100.00	60.73
Supermix Singapore		■				Full	51.00	30.98
Boral Singapore				■		Proportionate	50.00	30.03

	Divisions					Consolidation method and percentage as of 12/31/2001		
Country and companies	**Cement**	**Aggregates & Concrete**	**Roofing**	**Gypsum**	**Others**	**Method**	**% Control**	**% interest**
South Africa								
Lafarge South Africa Limited	■	■				Full	100.00	100.00
Lafarge Roofing South Africa			■			Full	100.00	100.00
Spain								
Lafarge Asland SA	■	■				Full	99.62	98.95
Texsa SA					Mortars	Full	100.00	100.00
Yesos Ibericos				■		Equity	40.69	40.69
Cementos Molins	■					Equity	40.91	40.48
Redland Ibérica SA			■			Equity	47.00	47.00
Sweden								
Orebrö Kartongbruck AB				■		Full	100.00	100.00
Lafarge Roofing Scandinavia AB			■			Full	100.00	100.00
Switzerland								
Cementia Trading Ltd AG	■					Full	96.72	96.72
Marine Cement Ltd	■					Full	100.00	98.41
Braas Schweiz AG			■			Full	100.00	100.00
Tanzania								
M'Beya	■					Full	58.01	58.01
Thailand								
Lafarge Prestia Co Ltd				■		Proportionate	50.00	42.90
CPAC Roof Tile Co. Ltd			■			Equity	24.90	24.90
Siam Gypsum Industry				■		Proportionate	50.00	30.46
Turkey								
Lafarge Aslan Cimento AS	■	■				Full	96.84	95.55
Agretas Agrega Insaat San.ve Tic. AS	■	■				Full	100.00	99.58
Dalsan Alçy AS				■		Proportionate	50.00	50.00
Lafarge Entegre Harç Sanayi ve Ticaret AS					Mortars / Lime	Proportionate	50.00	50.00
Lafarge Cati Cozumleri San Ve Tic A.S.			■			Full	100.00	100.00
Uganda								
Hima Cement Ltd	■					Full	100.00	69.89
Ukraine								
Mykolaivcement	■					Full	98.10	98.10
United Kingdom								
Lafarge Redland Aggregates Ltd		■			Lime	Full	100.00	100.00
Lafarge Plasterboard Ltd				■		Full	100.00	100.00
Redland Roofing Systems Ltd			■			Full	100.00	100.00
Blue Circle Industries Plc	■					Full	99.76	99.76
Venezuela								
Fabrica Nacional de Cementos	■					Full	61.14	60.55
Cementos Catatumbo CA	■					Equity	23.32	23.32
Induconagre		■				Full	100.00	60.55
Vietnam								
Supermix concrete Co Ltd		■				Full	70.00	23.64
Zambia								
Chilanga	■					Full	84.00	84.00
Zimbabwe								
Circle Cement	■					Full	76.45	76.27

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2001

In accordance with our appointment as auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Lafarge for the year ended December 31, 2001, prepared in euro.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as of December 31, 2001 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

We also performed procedures on the information presented in the Group management report, in accordance with professional standards applicable in France. We have no comment to make as to the fair presentation of this information nor its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, February 28, 2002

The Auditors

Deloitte Touche Tohmatsu

Arnaud de Planta

Jean-Paul Picard

Cogerco Flipo

Henri Lejetté

Corporate financial statements

The full version of Lafarge's financial statements is available on request.

BALANCE SHEET AT DECEMBER 31, 2001

ASSETS

(in millions of euros)	2001	2000	1999
Fixed assets	8,522	5,736	5,304
Other assets	7,375	3,813	2,958
Accruals	267	111	30
Total assets	**16,164**	**9,660**	**8,292**

LIABILITIES

(in millions of euros)	2001	2000	1999
Shareholders' equity	6,359	4,870	4,220
Provisions for c ontingencies and losses	58	34	66
Borrowings	9,410	4,563	3,808
Other liabilities	153	148	150
Accruals and deferred income	184	45	48
Total liabilities	**16,164**	**9,660**	**8,292**

INCOME STATEMENT AT DECEMBER 31, 2001

(in millions of euros)	2001	2000	1999
Net financial income	**118**	**252**	**169**
Operating loss	(107)	(193)	(83)
Income before non-recurring items and income tax	**11**	**59**	**86**
Non-recurring income	202	227	137
Income tax	145	(21)	(9)
Net income for the year	**358**	**265**	**214**

CASH FLOW STATEMENT AT DECEMBER 31, 2001

(in millions of euros)	2001	2000	1999
Net cash from operating activities before changes in working capital	189	234	216
Net cash from (used in) operating activities	(3,576)	(1,090)	1,259
Cash from operations	(3,387)	(856)	1,475
Net cash from (used in) investing activities	(2,591)	(434)	(1,080)
Net cash from (used in) financing activities – equity	1,132	386	(29)
Increase (Decrease) in net indebtedness	4,846	(904)	(366)
Closing net indebtedness	9,332	4,486	3,582

DIVIDEND

Dividend distributions for the last three fiscal years are presented in the following table.

The Annual General Meeting of May 28, 2002 will be asked to approve the distribution of an ordinary dividend of 2.30 euros per share and a loyalty dividend of 2.53 euros per share, to which tax credits will be added, representing an increase of 4.5% on fiscal 2000. Shares will be quoted ex-dividend from 3 June 2002. Shareholders may elect between June 3 and June 21, 2002 for payment of their dividends in shares (scrip). Cash dividends will be paid on July 5, 2002.

This proposal represents a total dividend distribution of 299,550,278 euros, some 39.9% of consolidated net income for the year, Group share.

Dividend per share

(in euros)	2001	2000	1999
Net dividend	2.30	2.20	2.05
Net loyalty dividend	2.53	2.42	2.26
Gross dividend	3.45	3.30	3.08
Gross loyalty dividend	3.80	3.63	3.39

LAFARGE FINANCIAL RESULTS FOR THE LAST FIVE FISCAL YEARS

(Articles 133-135 and 148 of the French Decree of March 23, 1967 concerning commercial companies)

FINANCIAL RESULTS	2001	2000	1999	1998	1997
Operations and income for the yea (in thousands of euros)					
Net sales	893,187	799,222	575,370	564,294	347,288
Net income before income tax, employee profit-sharing,depreciation, amortization and provisions*	224,829	77,611	67,499	79,346	91,300
Income tax*	145,137	197,853	157,106	121,195	95,170
Employee profit-sharing for the year					
Net income after income tax, employee profit-sharing, depreciation, amortization and provisions	357,928	265,126	213,756	194,287	170,274
Dividend distribution	299,550	278,660	216,207	189,106	158,745
Including 10% loyaltydividend (1)	*2,564*	*2,426*	*3,115*	*2,273*	
Per share data (in euros)					
Net income after income tax and employee profit-sharing, but before depreciation, amortization and provisions*	2.84	2.45	2.14	1.95	1.97
Net income after income tax, employee profit-sharing, depreciation, amortization and provisions	2.75	2.36	2.04	1.89	1.80
Ordinary net dividend	2.30	2.20	2.05	1.83	1.68
Loyalty net dividend	2.53	2.42	2.26	2.01	
Ordinary gross dividend	3.45	3.30	3.08	2.75	2.52
Loyalty gross dividend	3.80	3.63	3.39	3.02	
EMPLOYEE DATA					
Number of employees at December 31	425	379	338	303	272
Total annual payroll (in thousands of euros)(2)	54,862	43,151	37,346	33,048	26,816
Employee benefits for the year (in thousands of euros)(3)	25,016	20,980	18,467	15,508	13,373
Amounts paid in respect of employee profit-sharing and incentive schemes for the year (in thousands of euros)	1,278	1,451	1,042	745	483

*Years prior to 2001 have been restated to take into account the reclassification of consolidated earnings and taxation as well as the tax provision in the "income tax" item.

(1) Loyalty dividend payable to registered shares held at least 2 years

(2) Including retirement termination payments

(3) Social security, welfare payments, etc.

INVESTMENTS

This section summarizes all investment-related information.

Subsidiaries and affiliates

(in millions of euros)	Capital	Share-holders' equity	% of common stock held	Value of investments 2001	Value of investments 2000	Outstand-ing loans and advances granted by parent company	Guarantees given by parent company	Net sales for the most recent fiscal year	Net income (loss) for the most recent fiscal year	Dividend received by parent company during the year
A. DETAILED INFORMATION ON SUBSIDIARIES AND AFFILIATES										
1) French subsidiaries (more than 50% of common stock)										
Sofimo	4,712	4,749	99.99	4,712	3,762				379	
Lafarge Ciments	134	252	99.99	207	207	1		694	138	103
Société des Ciments Antillais	3	36	58.66	5	5			51	4	1
Lafarge Aluminates			99.99		43					
Lafarge Gypsum International	523	542	99.99	594	289	258			(20)	
Lafarge Immobilier	31	31	99.99	31	31					
Lafarge Conseils Etudes	6	7	99.99	7	7				1	
2) Foreign subsidiaries (more than 50% of common stock)										
Sabelfi	71	60	99.99	58	58				1	
Lafarge (US) Holdings	-		100.00	386	386					20
Companhia Nacional de Cimento Portland	127	123	99.66	210	210				22	22
Mykolaiv cement					5					
3) Foreign affiliates (10% to 50% of common stock)										
Lafarge Maroc	150	155	41.20	56	56				13	4
Aslan	7	149	32.24	26	26			35		
Ciments du Cameroun	9	8	44.22	12	12			95	6	4
4) Other affiliates										
Cimento Maua	126	131	7.28	7	7			101	12	2
Sté Nationale d'investissement	106	356	2.25	10	10				30	1
B. SUMMARY INFORMATION ON OTHER SUBSIDIARIES AND AFFILIATES										
1) Subsidiaries not included in paragraph A 1										
French (all)				-	-					
Foreign (all)										
2) Subsidiaries not included in paragraphs A 2 and A 3										
French (all)				1	1					
Foreign (all)				2	3					
Total				**6,324**	**5,118**	**259**	**0**			**157**

Industrial and environment-related risks and insurance

The Lafarge Group pursues a policy of active management of risks in order to ensure the protection of its employees, customers, environment, and all of its assets, particularly its industrial facilities. Accordingly, the Group systematically implements a risk identification and prevention policy which entails an audit program.

INDUSTRIAL AND ENVIRONMENT-RELATED RISKS

In the countries in which we operate, we are confronted with environment-related laws and regulations. The regulations impose ever more stringent protection standards on matters such as air emissions, wastewater disposal, the use and processing of dangerous materials or wastes, waste disposal and environment restoration to repair the damage done or contamination caused. We are therefore likely to have to bear major environmental responsibilities and costs, including for obligations pursuant to assets sold, activities in which we are no longer engaged or matters attributable to previous owners or operators and, in certain countries, even in the absence of fault, even if the activity complied with the applicable laws at the time of the event. Moreover, we are subject to rules obliging us to check for and dispose of materials containing asbestos and identify the cases in which employees may have been exposed to it.

In order to prevent, manage and solve the ecological problems and to comply with these regulations, we have adopted a proactive environment policy which consists in monitoring and controlling these matters. Because of the multitude of regulatory provisions imposed on us, we have decentralized our policy: the Group's environment department ensures compliance with current laws, lays down the general policy and provides assistance in recruiting, training and securing the loyalty of the staff specialized in this field. It also sees to the interchange of experience in this area among subsidiaries.

Our policy requires that each subsidiary comply with local laws and our own internal rules. Our subsidiaries are encouraged to take an active role in environmental issues and co-operate with government authorities to debate the costs and advantages of prospective regulations. In each plant, our policy provides for the appointment of a person in charge of co-ordinating environmental matters and creating a specific information system in each operating unit in order to:

- assess the results of the environmental initiatives and monitor their progress,
- on the longer term, assess the identified risks and the measures aimed at reducing them,
- ensure that any incident affecting the environment is declared immediately.

Our environment policy also obliges them to carry out regular environmental audits on all our sites to make sure that, among other things, they comply with regulations and can determine which improvements are necessary for the site to comply with environmental laws or our own internal standards. Our detailed objectives regarding environmental matters and concrete examples of Group initiatives are presented on pages 16 to 21. More comprehensive information is also available in our first report on sustainable development published at the end of 2001. This report can be consulted on our web site: *www.lafarge.com*.

The Group is currently involved in the decontamination of certain sites (for the most significant operations, see note 26 to our consolidated financial statements). In view of the information at our disposal, we think that these operations, and other less important operations not mentioned, should have no significant effect on the Group's activity, assets or financial position.
We regularly commit funds to operations comprising an environmental aspect or aimed at ensuring our compliance with regulations. However, we do not keep separate accounts for these operations. Environmental expenses which extend the life of assets, increase their capacity, increase their safety or performance or aim to reduce or avoid future contamination, may be amortized. Other environmental costs are recorded as expenses as soon as they are incurred. For the

years ended December 31, 2001 and 2000, environmental capital expenditures and rehabilitation costs were not significant at group level but our environmental expenses could increase in the future.

We set ourselves the objective of reducing our CO_2 emissions per ton of cement by 20% between 1990 and 2010. This objective can be attained within the scope of our strategy. We cannot determine whether standards set by public authorities could oblige us to invest in equipment or implement other measures likely to affect our financial position, our results or our cash position.

COUNTRY-RELATED RISKS

Because of the nature of our activities and their world-wide geographic spread, we are exposed to certain risks that may affect the group's future activity, assets, financial position or results.

Our development in emerging countries, where we think that growth prospects are better than in industrialized countries, also exposes us to risks which are greater in these countries: uncertainty and changes in applicable laws, greater volatility of growth rates, inflation rates, interest rates and exchange rates. This instability may affect our activities and the profitability of our operations as well as the transfer of funds, particularly dividends, that may be made by our subsidiaries. Our currency risk hedging policy is presented in note 24 (a) to our consolidated financial statements.

However, political risks are not covered, other than in exceptional cases. We think that our geographical diversification policy counteracts the effects of these global risks by limiting the impact of difficult local situations and providing the possibility of compensating for them by more favorable situations on other markets.

INSURANCE

The Group has developed a risk hedging policy and set up two main insurance programs: one covers its North American activities while the other covers its activities in the rest of the world. The Group's main insurance policies cover public and product liability as well as property damage. The Group's objective is for all subsidiaries under its control and management to subscribe to the insurance programs set up, subject to local legal constraints or specific geographic exclusion. The Group's insurance programs are contracted with major international insurance companies.

Market-related risks and legal risks are covered in notes 24 and 26 to the consolidated financial statements on pages 95 and 99.

Legal and Financial Information

COMMON STOCK, VOTING RIGHTS AND FINANCIAL AUTHORIZATIONS

The following financial information for the period subsequent to December 31, 2001 is valid as of February 27, 2002, the date of the Board meeting at which Directors approved the content of this annual report.

At December 31, 2001, the common stock of the Company amounted to € 520,583,200, and comprised 130,145,800 shares with a par value of 4 euros each.

At the same date, voting rights attached to these shares totaled 140,832,653, after inclusion of the double voting rights attaching to registered shares held at least two years and cancellation of the voting rights attaching to treasury shares.

1 CHANGES TO THE COMMON STOCK DURING FISCAL 2001

At December 31, 2000, the common stock of the Company amounted to FRF 2,811,048,375, and comprised 112,441,935 shares with a par value of FRF 25 each.
Since December 31, 2000, the Company's common stock increased by 17,703,865 shares as a result of the following operations:

	Number of shares created	Subscription value (in euros)		
		Common stock	Additional paid-in capital	Total
Stock subscription options exercised between January 1, 2001 and December 31, 2001	369,455	1,445,712	15,736,376	17,182,089
Stock subscription warrants issued in February 2000 exercised between January 1 and March 20, 2001	2,098,811	7,999,042	144,476,447	152,475,489
Common stock issue duly noted on February 9 2001	14,110,592	53,778,647	1,075,068,713	1,128,847,360
Scrip dividend in respect of fiscal 2000	1,125,007	4,500,028	103,174,392	107,674,420
Partial capitalization of "Paid-in capital" (conversion to the euro)	0	24,318,208	- 24,318,208	0
Situation at December 31, 2001	17,703,865	92,041,638	1,314,137,720	1,406,179,358

2 STOCK ISSUED DURING FISCAL 2001

Stock issue duly noted on	Origin of stock issued	Number of shares created	Increase in common stock (FRF)	Increase in common stock (euros)
January 31, 2001	Exercise of stock subscription options	29,334	733,350	111,798
	Exercise of stock subscription warrants	413,478	10,336,950	1,575,858
February 9, 2001	Issue of new common stock	14,110,592	352,764,800	53,778,647
April 5, 2001	Exercise of stock subscription options	102,921	2,573,025	392,255
	Exercise of stock subscription warrants	1,685,333	42,133,325	6,423,184
June 5, 2001	Exercise of stock subscription options	37,829	945,725	144,175
June 29, 2001	Partial capitalization of "Paid-in capital" (conversion to the euro)		159,516,990	24,318,208
October 8, 2001	Exercise of stock subscription options	74,334	1,950,396	297,336
	Scrip dividends	1,125,007	29,518,249	4,500,028
January 9, 2002 (stock issue performed 12/31/2001)	Exercise of stock subscription options	125,037	3,280,756	500,148
TOTAL		**17,703,865**	**603,753,566**	**92,041,638**

3 POTENTIAL COMMON STOCK AT DECEMBER 31, 2001

Common stock at December 31, 2001 could be increased by up to 11,197,099 new shares:

- by the exercise of stock subscription options granted to Group employees. At December 31, 2001, 960,878 of these options were available for exercise while the remaining 2,675,229 options may only be exercised after a period of five years (options granted between December 1997 and May 2001) or 4 years (options granted as from December 2001).
- by the exercise of convertible bond debenture rights issued in June 2001 (see below: utilization of financial authorizations) which could give rise to the creation of 10,236,221 new shares at any time with effect from June 29, 2001.

At December 31, 2001, there were no other securities in circulation granting direct or indirect access to the common stock of the Company.

4 COMMON STOCK OWNERSHIP AND VOTING RIGHTS AT DECEMBER 31,2001

Since 1987, the bylaws of the Company have authorized Lafarge to request information from Sicovam on the identity of holders of bearer shares. The company makes such enquiries on a regular basis. The most recent information request was submitted on December 31, 2001.

Moreover, the Company is informed of the identity of its principal shareholders by a combination of legal and bylaw provisions which require shareholders to inform the Company when their shareholdings or number of voting rights crosses the 1% (provisions of bylaws), 5%, 10% or 33% (legal provisions) thresholds.

To the Company's knowledge, no shareholder held more than 5% of the Company's stock or voting rights at December 31, 2001.

Based on the information provided by Sicovam and that recorded in the shareholders' register kept by the Company, stock and voting rights were held as follows at December 31, 2001:

<table>
<tr><th></th><th></th><th colspan="4">2001</th><th colspan="2">2000</th><th colspan="2">1999</th></tr>
<tr><th></th><th>Shares</th><th>Voting rights</th><th>% capital</th><th>% voting rights</th><th>% capital</th><th>% voting rights</th><th>% capital</th><th>% voting rights</th></tr>
<tr><td>Private individuals</td><td>19,234,692</td><td>23,458,423</td><td>14.8%</td><td>16.7%</td><td>20.5%</td><td>21.8%</td><td>17.3%</td><td>18.2%</td></tr>
<tr><td>Resident institutional investors</td><td>32,930,327</td><td>38,326,905</td><td>25.3%</td><td>27.2%</td><td>28.1%</td><td>30.4%</td><td>29.8%</td><td rowspan="2">81.8%</td></tr>
<tr><td>Non-resident institutional investors</td><td>76,116,409</td><td>79,047,325</td><td>58.5%</td><td>56.1%</td><td>49.8%</td><td>47.8%</td><td>50.8%</td></tr>
<tr><td>Treasury stock</td><td>1,864,372</td><td>0</td><td>1.4%</td><td>0.0%</td><td>1.6%</td><td>0.0%</td><td>2.1%</td><td>0.0%</td></tr>
<tr><td>TOTAL</td><td>130,145,800</td><td>140,832,653</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr>
</table>

Private individuals

Private individuals hold 14.8% of the common stock, compared to 20.5% at the end of 2000. The Company has some 210,000 private individual shareholders, down 18% on December 31, 2000. Private individuals held 16.7% of voting rights at December 31, 2001.

Employee shareholders

7.2% of the private individual shareholders are Group employees. Employee shareholders hold 1.1% of the common stock and 1.8 % of voting rights.

For several years now, Lafarge has encouraged employee stock ownership within the Group by offering employees the opportunity to subscribe to stock issues reserved for them or purchase stock on the market within the framework of a unit trust stock savings scheme.

At December 31, 2001, 0.4% of employee stock was held in the Lafarge 2000 unit trust, with the remaining balance held directly by employees.

Institutional investors

At December 31, 2001, institutional investors held approximately 83.3% of voting rights.

Treasury stock

At December 31, 2001, Lafarge held 1,864,372 treasury shares, representing 1.43% of the common stock, following the purchase on the market of 30,000 shares in 2001.

1,021,117 of the treasury shares held at year end were held by Lafarge SA, with the remaining shares held by a Group subsidiary.

At December 31, 2001, 1,017,149 of these shares were reserved for stock purchase options granted in 1997, 1998, 2000 and 2001.

5 CHANGES IN LAFARGE COMMON STOCK DURING THE LAST FIVE FISCAL YEARS

	2001	2000	1999	1998	1997
Opening common stock (number of shares)	**112,441,935**	**104,978,206**	**102,787,006**	**94,663,250**	**94,403,002**
Stock issued from January 1st to December 31st	**17,703,865**	**7,463,729**	**2,191,200**	**8,123,756**	**260,248**
payment of scrip dividends	1,125,007	365,771	1,324,857	-	-
exercise of stock subscription options	369,455	154,818	372,389	233,915	260,248
exercise of stock subscription warrants	2,098,811	3,763,140	-	-	-
stock issue reserved for employees	-	-	493 954	-	-
stock issue reserved for Redland Deutschland GmbH	-	3 180 000	-	-	-
through new common stock issue	14,110,592		-	7,889,841	-
Maximum number of future shares to be issued	**13 872 238**	**4 836 293**	**2 745 860**	**2,189,327**	**2,271,538**
exercise of stock subscription options	3,636,107	2,766,347	2,745,860	2,189,327	2,271,538
exercise of stock subscription warrants	-	2,069,946*	-	-	-
bond conversion	10,236,221	-	-	-	-
Closing common stock					
a - in francs		2,811,048,375	2,624,455,150	2,569,675,150	2,366,581,250
b - in euros	520,583,200	-	-	-	-
c - in shares	130,145,800	112,441,935	104,978,206	102,787,006	94,663,250

* Expired March 20, 2001

At December 31, 2001, 140,832,653 voting rights were attached to the 130,145,800 shares making up the common stock of the Company.

6 SHAREHOLDERS' AGREEMENTS AND UNDERTAKINGS IN RELATION TO CERTAIN GROUP COMPANIES

Shareholders' agreements

No shareholders' agreements have been transmitted to the stock exchange authorities for publication.
To the Board of Directors' knowledge, there are no shareholders' agreements in existence.

Undertakings in relation to certain Group companies

On July 31, 1990, an arrangement was made, aimed, in the event of a public offering presented to the shareholders of Lafarge, at extending its scope to shareholders of Group companies listed abroad. Following authorization by the Board of Directors, the Chairman decided to renew the trust agreements concerning the companies Lafarge Corporation, now Lafarge North America, and Cementia and extend the trust mechanism to encompass Fabrica Nacional de Cementos, a company listed on the Caracas stock exchange, in which Lafarge Asland, a Lafarge subsidiary, holds an interest of approximately 56%.

The following companies are covered by these new trust agreements: Cementia Holding AG (Switzerland), Lafarge North America (United States) and its Canadian subsidiary, Lafarge Canada Inc., and Fabrica Nacional de Cementos (Venezuela)[1]. This arrangement is justified by the importance of these companies to the Group's international development. For French companies, it is consistent with standards applicable in France promulgated by the French financial markets advisory board (Conseil des marchés financiers).

Were Lafarge to be subject to a takeover bid, the potential buyer would be requested to extend the bid to the companies concerned. If it did not do so, Lafarge would substitute itself for the potential buyer and make the shareholders of these companies a complementary bid, under similar price terms and subject to the success of the principal bid addressed to its shareholders.

In order to establish the credibility of Lafarge's commitment and ensure the protection of its shareholders, the beneficiaries, the Group's investments in these companies are held by trusts governed by the law of the State of New York. Authorization has been extended to the trustees, in the event of a takeover bid for the common stock of Lafarge, to use the voting rights attached to these investments to vote in favor of the resolutions proposed by the companies' Boards of Directors. Were the controlling interest in the Group to change hands, these measures would apply until the fifth anniversary of the publication of the results of the French bid should the complementary bids fall through.

These arrangements have been made for a period of ten years, for as long as the Group's investments continue to exceed 20% of the voting rights attached to the stock of each of the companies concerned.

7 UTILIZATION OF FINANCIAL AUTHORIZATIONS

At regular intervals, the Annual General Meeting of Shareholders delegates the necessary powers to the Board of Directors to obtain the financial resources required for the development of the Group.
These authorizations to issue securities conferring immediate or future entitlement to a share in the common stock of the Company are granted for a period of 26 months.

In 2001, these financial authorizations were used under the following conditions:

Issue of new common stock

In its meeting of January 5, 2001, the Board of Directors decided to proceed with the issue of new common stock with preferential subscription rights in order to partially finance the acquisition of Blue Circle.

The rights issue, which ran from January 22 to February 2, 2001, took the form of one new share for every eight existing Lafarge shares held, at a price of € 80 per share. During this period the preferential subscription right was listed on the Paris Euronext First Market.
At the conclusion of the rights issue, 14,110,592 shares with a par value of FRF 25 each were subscribed, at a price of 80 euros per share for a total amount of 1,128,847,360 euros. The Company's common stock was raised from FRF 2,822,118,675 (divided into 112,884,747 shares) to FRF 3,174,883,475 (divided into 126,995,339 shares).

The rights issue was performed in accordance with the authorization granted to the Board of Directors under Resolution no. 1 of the Extraordinary General Meeting of May 27, 1999 to issue common stock with preferential subscription rights for shareholders up to a maximum par value of 183 million euros.

(1) Cementia Holding AG is listed on the Zurich Stock Exchange, Lafarge Corporation on the New York, Toronto and Montreal Stock Exchanges, Lafarge Canada Inc. on the Toronto and Montreal Stock Exchanges and Fabrica Nacional de Cementos on the Caracas Stock Exchange.

Trading in the Company's stock

In 2001, the Company purchased 30,000 of its own shares on the stock market at an average price of 97.75 euros per share. During the same period, the Company sold 3,468 shares following the exercise of stock purchase options for a total amount of 190,000 euros.

These operations were performed in accordance with the authorizations granted by the Annual General Meetings of May 25, 2000 and May 28, 2001 to trade in the Company's stock, subject to maximum purchase prices of € 115 and € 200 respectively and minimum selling prices of € 20 and € 30 respectively. The latter authorization was the subject of a prospectus approved by the French stock exchange regulatory body (Commission des Opérations de Bourse) on April 25, 2001 under number 01-448.

At December 31, 2001, a total of 1,021,117 shares are recorded in Lafarge's balance sheet after taking into account trading operations during recent years. These shares represent 0.79% of the common stock of the Company at this date and have a total value of € 72.15 million.

1,017,149 of these shares are reserved for stock purchase options granted by the Board of Directors in 1997, 1998, 2000 and 2001.

Bond issues

In its meeting of May 28, 2001, the Board of Directors decided to proceed with the issue of debenture loans in accordance with the authorization granted under Resolution no. 8 of the Combined General Meeting of May 28, 2001 treating ordinary business. This authorization was valid for a maximum amount of € 5 billion or the equivalent of this sum in foreign currency. Following this decision of the Board of Directors, the following bonds were issued in the framework of Lafarge's EMTN (Euro medium-term note) program:

- Issue on November 6, 2001 of a debenture loan of € 1 billion, maturing November 6, 2008, bearing interest at a fixed rate of 5.875% p.a.
- Issue on November 6, 2001 of a debenture loan of GBP 250 million, maturing November 6, 2012, bearing interest at a fixed rate of 6.875% p.a.
- Issue on December 4, 2001 of a debenture loan of € 250 million, maturing March 4, 2005, bearing interest at a fixed rate of 4.625% p.a.
- Addition on December 20, 2001, of the sum of GBP 100 million, to the issue of GBP 250 million mentioned above. This issue therefore corresponds to a total amount of GBP 350 million.

Convertible bond issue

In accordance with the authorization granted to the Board of Directors under Resolution no. 12 of the Combined General Meeting of May 28, 2001 treating extraordinary business and pursuant to the powers delegated to the Chairman by the Board of Directors in its meeting of May 28, 2001, it was decided to proceed with the issue of bonds convertible/exchangeable into new and/or existing shares (known as "Océane" bonds). The issue, for a total par value of _ 1,300,000,067, corresponded to 10,236,221 "Océane" bonds with a par value of € 127.

The public prospectus marking the issue and the entry of the bond onto the Paris Euronext First Market was approved by the Commission des Opérations de Bourse under number 01-870 on June 20, 2001. The legal notice was published in the French Official List of Obligatory Legal Notices (Bulletin Officiel d'Annonces Légales Obligatoires) on June 22, 2001.

Authorizations requested of the Combined General Meeting of May 28, 2002

The Combined General Meeting of May 28, 2002 will be requested to renew the authorization granted to the Board of Directors to issue bonds, equivalent securities and other securities conferring a similar debt right on the Company up to a maximum of € 5 billion, for a period of 26 months.

Granting of stock purchase or subscription options

Under the authorizations given to the Board of Directors by the Extraordinary General Meeting of May 27, 1999 and May 28, 2001, the Board of Directors, at its meetings of May 28, 2001 and December 13, 2001, decided to grant a total of 12,000 stock purchase options with a par value of FRF 25 and 1,188,825 stock subscription options with a par value of 4 euros respectively.

8 OPTIONS

Allocation policy

The policy for the allocation of options is recommended to the Board of Directors by the Organization and Management Committee, which is chaired by Mr. Alain Joly and comprises Messrs. Michel Pébereau and Michael Blakenham (Mr. Lindsay Owen-Jones served as a member of this Committee prior to his resignation from the Board of Directors on September 3, 2001).

Options are allocated to executive and senior management, as well as to middle management and other employees who have made an outstanding contribution to the performance of the Group, on the recommendation of the Organization and Management Committee.

Options are allocated at times decided by the Board of Directors. As a general rule, options are allocated once yearly during the December Board meeting. The number of beneficiaries varies year on year (wide distribution every two years, with a reduced number of options allocated the second year).

Over the last two years, the average number of options allocated annually represented 831,363 shares, or approximately 0.7% of the common stock. A total of 438 individuals received options in 2000 and 1,703 in 2001.

A total of 4,653,256 allocated options had still to be exercised at the end of December 2001, representing approximately 3.6% of the common stock of the Company. Group management (14 people) held 17.6% of these options.

The Board of Directors may allocate either stock subscription or stock purchase options.

Option characteristics

All options are valid for a period of 10 years.

The option exercise price is set, without discount or reduction, at the average stock market price of the twenty trading days preceding the day of allocation.

Options may be exercised as a whole or in part.

Option exercise conditions

Options allocated up to and including May 1995 may be exercised freely.

In December 1995, the Board of Directors introduced a four-year waiting period during which options could not be exercised. The Board nonetheless decided that options allocated under the Lafarge en action 95 employee stock ownership program (stock increase reserved for employees under which employees could subscribe for 1 to 110 shares, with every share from the eleventh granting entitlement to one option) could be exercised immediately upon allocation.

In December 1997, the Board of Directors increased this waiting period from four to five years for all options allocated from 1997 onwards.

The Board of Directors also decided that the waiting period would be curtailed by the retirement, early retirement or redundancy of the beneficiary or in the event of a takeover bid for Lafarge or its merger.

In its meeting of December 13, 2001, the Board of Directors adopted new Regulations for share subscription or purchase options. The new Regulations apply to options allocated by the Board from December 13, 2001 onwards. The waiting period has been brought back down from five years to four, in line with legislation.

Loss or retention of options

Options lapse if not exercised within ten years following allocation.
Options also lapse in the event of the resignation of the beneficiary or his or her dismissal for misconduct.
Options remain valid following the transfer of the beneficiary outside the Group with the approval of his or her employer, or in the event of the sale of the company employing the beneficiary entailing its removal from the Group structure.

Stock subscription or purchase options outstanding during 2001

Allocation authorized by the Annual General Meeting of	Date of allocation by the Board of Directors of	Type of option (unadjusted)	Number of options initially allocated	Initial number of beneficiaries
06/17/87	11/28/90	subscription	172,335	535
06/17/87	11/27/91	subscription	173,480	578
06/15/92	12/17/92	subscription	185,730	653
06/15/92	12/15/93	subscription	252,100	722
06/15/92	09/27/94	subscription	269,550	772
05/22/95	05/22/95	subscription	27,200	52
05/22/95	12/13/95	subscription	593,840	1,039
05/22/95	12/13/95	subscription *Lafarge en action 95*	331,060	8,368
05/21/96	12/18/96	subscription	71,400	127
05/21/97	12/17/97	subscription	346,650	999
05/21/97	12/17/97	purchase	402,550	127
05/21/97	05/26/98	subscription	122,775	108
05/21/97	12/10/98	purchase	98,450	150
05/27/99	12/15/99	subscription	918,200	1,552
05/28/00	12/13/00	purchase	461,900	438
05/28/00	05/28/01	purchase	12,000	1
05/28/01	12/13/01	subscription	1,188,825	1,703

Stock subscription and purchase options at December 31, 2001

The exercise price and number of options reported below have been adjusted since allocation, for each financial operation performed by the Company which impacted on the value of the securities (stock increase, bonus issue), to maintain the total value of options held by each beneficiary at a constant level.

NB: The option exercise price was adjusted following the issue with preferential subscription rights for shareholders of 14,110,592 shares with par value of FRF 25 performed in February 2001.

Option exercise was suspended from January 15, 2001 to February 4, 2001 (inclusive). The option exercise price and the number of options allocated to each beneficiary has been adjusted following the stock issue mentioned above to take account of the value of subscription rights to the stock issue.

The number of options outstanding at December 31, 2001 is not, therefore, equal to the difference between the number of options outstanding at December 31, 2000 and the number of options exercised in fiscal 2001.

Allocation authorized by the Annual General Meeting of	Date of allocation by the Board of Directors of	Type of option	Number of options outstanding at 12/31/00	Number of options subscribed or purchased between 01/01 and 01/12/01	Number of options outstanding at 01/12/01 before adjustment	Number of options outstanding at 01/12/01 after the 02/05/01 adjust-ment	Number of options subscribed or purchased between 02/05 and 12/31/01	Number of options out-standing at at 12/31/01	Available for exercise from	Option exercise period lapses	Exercise price at 12/31/01 in euros after the 02/05/01 adjustment
06/17/87	11/27/91	subscription	29,299	746	28,553	29,090	26,428	0 *	*	*	*
06/15/92	12/17/92	subscription	45,222	419	44,803	45,965	15,090	30,875	12/17/92	12/17/02	32.43
06/15/92	12/15/93	subscription	140,403	3,650	136,753	139,346	55,242	84,104	12/15/93	12/15/03	50.98
06/15/92	09/27/94	subscription	190,706	1,900	188,806	192,404	46,942	145,462	09/27/94	09/27/04	51.67
05/22/95	05/22/95	subscription	22,314	473	21,841	22,243	4,878	17,365	05/22/95	05/22/05	46.97
05/22/95	12/13/95	subscription	551,968	14,730	537,238	547,281	126,668	420,613	12/13/99	12/13/05	45.80
05/22/95	12/13/95	subscription *Lafarge en action 1995*	244,256	5,621	238,635	245,710	49,485	196,225	12/13/95	12/13/05	45.80
05/21/96	12/18/96	subscription	73,817	1,721	72,096	73,399	7,165	66,234	12/18/00	12/18/06	45.24
05/21/97	12/17/97	subscription	363,062	74	362,988	369,634	4,605	365,029	12/17/02	12/17/07	53.34
05/21/97	12/17/97	purchase	425,468	0	425,468	432,826	3,061	429,765	12/17/02	12/17/07	53.34
05/21/97	05/26/98	subscription	129,716	0	129,716	131,996	2,208	131,196	05/26/03	05/26/08	79.41
05/21/97	12/10/98	purchase	104,699	0	104,699	105,761	0	105,761	12/10/03	12/10/08	78.84
05/27/99	12/15/99	subscription	975,584	0	975,584	992,997	1,410	990,179	12/15/04	12/15/09	87.89
05/27/99	12/13/00	purchase	461,900	0	461,900	470,030	407	469,623	12/13/05	12/13/10	84.75
05/28/00	05/28/01	purchase	0	0	0	0	0	12,000	05/28/06	05/28/11	108.53
05/28/01	12/13/01	subscription	0					1,188,825	12/13/05	12/13/11	102.20
TOTAL			**3,758,414**	**29,334**	**3,729,080**	**3,798,682**	**343,589**	**4,653,256**			

* Scheme terminated November 27, 2001

*Stock subscription and purchase options outstanding in 2001, allocated to Group Management **

Allocation date	Options allocated originally		Number of Group Management members concerned
	Subscription options (unadjusted)	Purchase options (unadjusted)	
11/29/89	17,980		9
11/28/90	8,250		6
11/27/91	8,950		6
12/17/92	9,100		5
12/15/93	28,750		9
09/27/94	37,600		10
05/22/95	2,000		2
12/13/95	83,500		11
12/13/95 *Lafarge en action*	800		8
12/18/96	4,500		3
12/17/97	10,000	144,500	10
05/26/98	0		0
12/10/98		9,000	4
12/15/99	146,000		11
12/13/00		93,000	11
05/28/01		12,000	1
12/13/01	277,000		13

* Group Management members are presented on page 133

Stock subscription and purchase options held by Group Management at December 31, 2001

The exercise price and number of options reported below have been adjusted since allocation for each financial operation performed by the Company which impacted on the value of the securities (stock increase, bonus issue), to maintain the total value of options held by each beneficiary at a constant level.

Date of allocation	Type of option	Number of options held at 01/01/01 before adjustment	Number of options exercised before adjustment	Number of options outstanding after the 01/12/01 adjustment	Number of options exercised	Number of options allocated in 2001 12/31/01	Number of options outstanding at 12/31/01	Number of Group Management members holding options at 12/31/01
11/27/1991	subscription	3,248		3,304	3,304		0	1
12/17/1992	subscription	3,248		3,304	800		2,504	1
12/15/1993	subscription	19,369		19,704	14,296		5,408	5
09/27/1994	subscription	23,738		24,147	2,164		21,983	5
05/22/1995	subscription	1,655		1,685			1,685	2
12/13/1995	subscription	81,693	3,221	79,823	10,378		69,445	11
12/13/1995**	subscription**	763		777	222		555	7
12/18/1996	subscription	5,372		5,466			5,466	4
12/17/1997	subscription	10,734		10,918			10,918	1
12/17/1997	purchase	167,235		170,104			170,104	11
05/26/1998	subscription	-		-			-	-
12/10/1998	purchase	6,378		6,489			6,489	3
12/15/1999	subscription	159,934		162,681			162,681	13
12/13/2000	purchase	71,000		72,220			72,220	11
05/28/2001	purchase	-				12,000	12,000	1
12/13/2001	subscription	-				277,000	277,000	13
Total		**554,367**	**3,221**	**560,622**	**31,164**	**289,000**	**818,458**	**14**

* Group Management members are presented on page 133
**Lafarge en action 95

Options held by Group Management in subsidiaries

Four members of Group Management hold a total of 263,000 Lafarge North America stock subscription options. 83,250 of these options were exercised in fiscal 2001 at a unit price of $20.67.

Stock subscription or purchase options granted to each company officer and options exercised by them

		Total number of options allocated/shares subscribed or purchased	Price	Exercise period	Plan No.
Options allocated during the year to each company officer by the issuer or any group company (list of names)					
B. Collomb:	Lafarge	120,000	EUR 102.2	10 years	M10
	Lafarge North America	20,000	USD 29.97	25% / year	
B. Kasriel:	Lafarge	60,000	EUR 102.2	10 years	M10
	Lafarge North America	15,000	USD 29.97	25% / year	
Options exercised during the year by each company officer (list of names)					
B. Collomb:	Lafarge	10,810	EUR 50.98		
	Lafarge North America	15,000	USD 14.25		

Stock subscription or purchase options granted to the top ten non-managerial employees and options exercised by them

	Total number of options allocated / shares subscribed or purchased	Average weighted price	Plan No.
Options allocated during the year by the issuer or any group company included in the stock allocation plan, to ten employees of the issuer or of any other Group company included in this plan, with the highest number of options allocated in this way (general information)	107,000	EUR 102.2	M10
Options in the issuing company and companies mentioned above exercised during the year by the employees of the issuer or of these companies, with the highest number of options purchased or subscribed in this way (general information)			
Lafarge	37,226	EUR 46.60	M2, M3, N6, N7, N8, N9
Lafarge North America	68,250	USD 22.09	

CORPORATE GOVERNANCE

1 BOARD OF DIRECTORS

Board of Directors' report on the adequacy of its structure and operations with respect to its duties

In accordance with the recommendations of the Viénot report, the Board of Directors in its meeting of March 9, 2000 examined its make-up, organization and operation.

It was noted that the Company already implements the working methods recommended by the report, with respect to the number of non-executive Directors, the existence, role and operation of Advisory Committees and information provided to shareholders, and has done so for a number of years. The Board also noted, with satisfaction, more recent progress, in particular with respect to the presentation and discussion of strategy. A variety of suggestions were made to improve the preparation and efficiency of deliberations.

The Board expressed a desire to restructure, extend and improve the presentation of corporate governance information in future annual reports. In addition, it undertook to publish the annual results before the end of February.

Composition

The make-up of the Board of Directors is designed to enable the Group to benefit from the experience and independence of its Directors.

As and when necessary, new Directors are appointed by the Shareholder Meeting upon proposal of the Organization and Management sub-committee.

The Directors

Bertrand Collomb, Chairman and Chief Executive Officer of Lafarge, was appointed to the Lafarge Board of Directors in 1987. His current term of office expires at the end of the Annual General Meeting held to adopt the 2004 financial statements. He holds 25,103 shares and is aged 59. He is also Chairman of Lafarge North America and a company officer of several Group subsidiaries. He is a Director of Crédit Commercial de France, TotalFinaElf and Atco and a member of the Allianz Supervisory Board.

Bernard Kasriel, Vice-Chairman and Chief Operating Officer of Lafarge, was appointed to the Lafarge Board of Directors in 1989. His current term of office expires at the end of the Annual General Meeting held to adopt the 2005 financial statements. He holds 5,064 shares and is aged 55. He is also Vice-Chairman of Lafarge North America and a company officer of several Group subsidiaries. He is a Director of Sonoco Products Company.

Jacques Lefèvre, was appointed to the Lafarge Board of Directors in 1989. His current term of office expires at the end of the Annual General Meeting held to adopt the 2005 financial statements. He holds 1,461 shares and is aged 63. He is also a company officer of several Group subsidiaries and a Director of Lafarge North America. He is Chairman of the Compagnie de Fives-Lille Supervisory Board and a Director of Société Nationale d'Investissement (Morocco), Cimentos de Portugal and Hurricane Hydrocarbons Ltd. He is Vice-Chairman of the Board of Directors.

Michael Blakenham was appointed to the Lafarge Board of Directors in 1997. His current term of office expires at the end of the Annual General Meeting held to adopt the 2002 financial statements. He holds 1,462 shares and is aged 63. He is also Chairman of the Royal Botanic Gardens Kew and a Director of Sotheby's Holdings Inc, UK Japan 21st Century Group and Toshiba Corporation International Advisory Group.

Michel Bon was appointed to the Lafarge Board of Directors in 1993. His current term of office expires at the end of the Annual General Meeting held to adopt the 2004 financial statements. He holds 2,579 shares and is aged 58. He is also Chairman and Chief Executive Officer of France Telecom and its mobile phone subsidiary, Orange. He is Chairman of the Supervisory Board of Editions du Cerf and Director of Société des Lecteurs du Monde, Bull, Grand Vision and Air Liquide. He is a member of the Supervisory Board of Sonepar.

Guilherme Frering was appointed to the Lafarge Board of Directors in 1997. His current term of office expires at the end of the Annual General Meeting held to adopt the 2002 financial statements. He holds 1,659 shares and is aged 43. He is also Chairman of Cimento Mauá.

Rick Haythornthwaite was co-opted to serve as a Director of Lafarge by the Board of Directors in its meeting of September 3, 2001. This co-option is subject to ratification by the Annual General Meeting of May 28, 2002. If his appointment is confirmed, his term of office will expire at the end of the Annual General Meeting held to adopt the 2004 financial statements. He holds 1,200 shares and is aged 45. He is also Chief Executive of Invensys plc, a Director of Cookson Group plc and ICI plc, and Chairman of the Almeida Theatre Company and the Centre for Creative Communities.

Patrice le Hodey was appointed to the Lafarge Board of Directors in 1987. His current term of office expires at the end of the Annual General Meeting held to adopt the 2004 financial statements. He holds 2,819 shares and is aged 57. He is also Vice-Chairman of the press group Libre Belgique Dernière Heure (IPM) and a company officer of several of this group's subsidiaries. In this capacity, he is Vice-Chairman of the Belga agency and a Director of RTL-TVI. He is Chairman of Derouck Holding and a company officer of several of this group's subsidiaries.

Bernard Isautier was appointed to the Lafarge Board of Directors in 1989. His current term of office expires at the end of the Annual General Meeting held to adopt the 2005 financial statements. He holds 1,466 shares and is aged 59. He is also Chairman of Hurricane Hydrocarbons Ltd.

Alain Joly was appointed to the Lafarge Board of Directors in 1993. His current term of office expires at the end of the Annual General Meeting held to adopt the 2004 financial statements. He holds 1,994 shares and is aged 63. He is also Chairman of the Air Liquide Supervisory Board and is a company officer of several of this group's subsidiaries. He is a Director of BNP-Paribas.

Jean Keller, a former financial director of Lafarge Ciments, was appointed to the Lafarge Board of Directors in 1998. His current term of office expires at the end of the Annual General Meeting held to adopt the 2003 financial statements. He holds 1,281 shares and is aged 66. He is also a member of the Standards Advisory Council of the International Accounting Standards Board (IASB) and a member of the Supervisory Council of the European Financial Reporting Advisory Group (EFRAG).

Raphaël de Lafarge was appointed to the Lafarge Board of Directors in 1982. His current term of office expires at the end of the Annual General Meeting held to adopt the 2002 financial statements. He holds 42,841 shares and is aged 59. He is a Director of Borgey SA.

Robert W. Murdoch, a former Executive Vice President of Lafarge, was appointed to the Lafarge Board of Directors in 1993. His current term of office expires at the end of the Annual General Meeting held to adopt the 2004 financial statements. He holds 1,593 shares and is aged 59. He is also a Director of Lafarge North America and Lafarge Canada. He is a Director of Sierra Systems Group Inc, Lallmand Inc, A.P. Plasman Inc., Usinor and Timber West.

Lindsay Owen-Jones is no longer a Director of Lafarge, having tendered his resignation to the Board of Directors, which accepted it in its meeting of September 3, 2001.

Michel Pébereau was appointed to the Lafarge Board of Directors in 1991. His current term of office expires at the end of the Annual General Meeting held to adopt the 2002 financial statements. He holds 1,525 shares and is aged 59. He is also Chairman of BNP-Paribas and a company officer of several of this group's subsidiaries. He is a Director of TotalFinaElf and Saint-Gobain, a member of the Supervisory Boards of Axa, Galeries Lafayette and the Dresdner Bank AG Frankfurt and the permanent representative of BNP-Paribas on the Board of Directors of Renault.

Hélène Ploix was appointed to the Lafarge Board of Directors in 1999. Her current term of office expires at the end of the Annual General Meeting held to adopt the 2004 financial statements. She holds 1,441 shares and is aged 57. She is also Chairman and Chief Executive Officer of Pechel Industries and a company officer of several of this group's subsidiaries. She is a Director of Publicis, and Chairman of the French Association of Capital Investors (AFIC).

Two Directors are members of the Direction Générale (executive management) of Lafarge: Messrs. B. Collomb and B. Kasriel. Three Directors are retired Group executives: Messrs. J. Keller, J. Lefèvre and R. W. Murdoch. Ten Directors (Messrs. Mi. Blakenham, M. Bon, G. Frering, R. Haythornthwaite, B. Isautier, A. Joly, R. de Lafarge, P. le Hodey and M. Pébereau and Mrs. H. Ploix) satisfy the Viénot report definition of non-executive Directors, i.e. they do not have any relation of any nature with the Company which could compromise their freedom of judgment.

Operation

Frequency of Board and sub-committee meetings

In accordance with Company bylaws, the Board of Directors meets at least four times a year, in France or abroad. In 2001, the Board met on January 5, February 28, May 28 (twice), September 3 and December 13. The average attendance rate at Board meetings was 85.6%.

Sub-committees of the Board

The Board of Directors appoints the members of its sub-committees from its own ranks.

The Board of Directors decides the matters considered by these committees. Their role is purely of a consultative nature and their deliberations are summarized in reports to the Board.

Board sub-committees generally meet twice a year. The Strategy and Development committee held two meetings in 2001.

The average attendance rate at committee meetings was 88.1%.

Organization and Management Committee

Messrs. A. Joly (chairman), M. Pébereau and M. Blakenham sit on this committee. Mr. L. Owen-Jones was a member until resigning as a Director on September 3, 2001.

The committee assists the Chairman and the Board of Directors with decisions concerning the composition of the Board and its remuneration, management remuneration policy, stock subscription and purchase option allocation and policy, and the organizational structure of Group management. The committee drafts Board resolutions concerning the remuneration of company officers, and where appropriate nominates new Directors and company officers.

Strategy and Development committee

Messrs. B. Collomb (chairman), M. Bon, P. le Hodey, B. Isautier, A. Joly, J. Lefèvre, R. W. Murdoch and G. Frering sit on this committee. Mr. L. Owen-Jones was a member until resigning as a Director on September 3, 2001.

The committee examines in detail important strategic issues and major investment and divestment projects.

Finance committee

Messrs. M. Pébereau (chairman), M. Bon, P. le Hodey, J. Keller, B. Isautier, R. de Lafarge, J. Lefèvre, R. W. Murdoch and G. Frering and Mrs. H. Ploix sit on this committee.

The committee performs a preliminary review of the half-yearly and annual financial statements and holds meetings with the Statutory Auditors and with both general and financial management.

General management provides it with regular updates on the Group's financial position and the main thrust of current financial policy, and advises the committee on the terms of major financial transactions prior to their implementation. The committee also receives copies of all financial communications prior to their issue.

The Statutory Auditors report their findings to the committee, which can also request meetings with internal audit managers. Subject to the agreement of the Chairman of the Board of Directors, such briefings may be conducted in the absence of general management.

More generally, the committee may be consulted by general management on any matters where its input is judged useful.

Information on agreements involving Directors of the Company

In the context of the decision to launch a takeover bid for the UK company Blue Circle Industries, the Board of Directors, in its meeting on January 5, 2001:

- decided on the principle of a common stock issue for a maximum amount of € 1.2 billion with preferential subscription rights, and delegated the necessary powers to its Chairman to proceed with this issue;
- authorized the signature of a contract underwriting the subscription of the shares, including a management contract, with any bank syndicate with Banque Nationale de Paris (BNP-Paribas) and Dresdner Kleinwort Benson as joint lead banks. As members of the Board of BNP-Paribas, three Directors of Lafarge (Messrs. Pébereau, Joly and Owen-Jones) did not vote either directly or by proxy on this matter;
- and authorized the signature of the "Term and Revolving Credit Facility" loan agreement with BNP-Paribas as lender, arranger and agent and Dresdner Bank AG (London). As members of the Boards of both Lafarge and BNP-Paribas, the same three Directors (Messrs. Pébereau, Joly and Owen-Jones) did not vote either directly or by proxy on this matter.

In its meeting on September 3, 2001, following an examination of proposals concerning those Blue Circle assets in North America for which divestment to third parties was not demanded by competition authorities [five cement plants in Ravena (New York), Harleyville (South Carolina), Atlanta (Georgia), Calera (Alabama), and Tulsa (Oklahoma), a slag crushing plant at Sparrows Point (Maryland), eleven cement terminals, 61 concrete plants in Georgia, thirteen quarries in Georgia and Alabama and ten concrete block plants in Georgia], the Board:

- both authorized the option contract by which Lafarge granted Lafarge North America an option to purchase all of these assets that may be exercised by Lafarge North America at any time between July 1, 2002 and December 31, 2004 at an adjustable price of $1.4 billion;
- and concluded a management agreement by which Lafarge North America has received from Blue Circle North America delegation of powers to manage all the assets listed above for a fee with effect from July 11, 2001 until December 31, 2002. Lafarge is committed to indemnifying Lafarge North America and its personnel against the consequences of actions of any nature that might be undertaken by third

parties against Lafarge North America, whether resulting from the asset management mandate or intended against Blue Circle North America.

This authorization was passed by the Board. As Directors of Lafarge North America, Messrs. Collomb, Lefèvre, Kasriel and Murdoch did not vote on this matter.

Directors' fees

Allocation rules

The Combined General Meeting of May 28, 2001 treating ordinary business limited total annual Directors' fees to a maximum of FRF 4 million (0.610 million euros).
Each Director receives a fixed annual fee of FRF 100,000 (15,245 euros), increased by 25% for chairmen of sub-committees. It is restricted to 50% for new Directors appointed during the course of the year and Directors whose term of office expires during the course of the year.
In 2001, a variable fee of FRF 12,700 (1,936 euros) was paid to Directors for each Board or committee meeting attended. Total Directors' fees paid in fiscal 2001 (in respect of 2000) amounted to FRF 3.998 million (0.609 million euros). Payments in fiscal 2000 (in respect of 1999) totaled FRF 2.996 million (0.457 millions euros).

Messrs. M. Blakenham, M. Bon, J. Keller and R. de Lafarge received FRF 201,600 (30,734 euros) each.
Messrs. B. Collomb, B. Kasriel and B. Isautier received FRF 176,200 (26,862 euros) each.
Messrs. G. Frering, P. le Hodey and R. W. Murdoch received FRF 214,300 (32,670 euros) each.
Mr. R. Haythornthwaite received FRF 75,400 (11,495 euros).
Mr. A. Joly received FRF 239,300 (36,481 euros).
Mr. J. Lefèvre received FRF 227,000 plus an exceptional fee of FRF 1 million (or a total of 187,055 euros) for specific assignments carried out in connection with the acquisition of Blue Circle and an interest in Cimpor.
Mr. L. Owen-Jones received FRF 62,700 (9,559 euros).
Mr. M. Pébereau received FRF 226,600 (34,545 euros).
Mrs. H. Ploix received FRF 188,900 (28,798 euros).

Information on Directors' interests in the common stock and voting rights of the Company

Directors hold 0.07% of the common stock of the company and 0.10% of voting rights.

2 GROUP MANAGEMENT

Group Management consists of members of Executive Management and the Executive Vice Presidents, a total of 14 individuals. The following information relates to Group Management.

Group Management (at December 31, 2001)

Executive Management (Direction Générale)

Bertrand Collomb, Chairman and Chief Executive Officer*
Bernard Kasriel, Vice-Chairman and Chief Operating Officer*
Michel Rose, Senior Executive Vice President*

Executive Vice Presidents

Jean-Carlos Angulo, Executive Vice President, Western Europe
Miguel Del Campo, Executive Vice President, Latin America
Yves de Clerck, Executive Vice President, Central Europe
Jean-Jacques Gauthier, Executive Vice President, Finance*
Ulrich Glaunach, Executive Vice President, Roofing*
Christian Herrault, Executive Vice President, Human Resources and Organization *
Bruno Lafont, Executive Vice President, Gypsum*
Charles de Liedekerke, Executive Vice President, Aggregates and Concrete*
Isidoro Miranda, Executive Vice President, Cement*
Philippe Rollier, Executive Vice President, North America
Jean-Marie Schmitz, Executive Vice President, Morocco

* Member of the Executive Committee

Information on Group Management's interests in the common stock and voting rights of the Company

Group Management holds 0.02 % of the Company's common stock and voting rights.

Remuneration policy

The Organization and Management committee makes recommendations to the Board of Directors on the remuneration of company officers.

The committee bases its recommended remuneration structure on surveys of market practice within comparable companies, performed by external consultants.

Remuneration comprises a fixed and a variable component, with the variable component limited to a maximum of 110% of the fixed component for the Chairman and Chief Executive Officer and 80 % of the fixed component for the Vice-Chairman and Chief Operating Officer.

The total remuneration received by Group Management members in respect of their activities as company officers within Group subsidiaries is included in this fixed portion.

The variable portion is determined in part by the extent to which Group financial results meet the objectives set at the beginning of the year, as well as an appraisal of the individual's performance during the year.

The financial appraisal criterion adopted in fiscal 2001 was the increase in EVA (Economic Value Added), which reflects the return on the capital invested by the Company.

The individual appraisal is primarily based on the personal objectives set at the beginning of the year with respect to the principal expected actions.

Group Management remuneration

Total Group Management remuneration in fiscal 2001

The amount indicated below:

- includes the fixed remuneration paid to Group Management members in respect of fiscal 2001 and the variable remuneration paid in 2001 in respect of fiscal 2000,
- concerns all Group Management members in fiscal 2001, for the period during which they were members of Group Management. Total remuneration, as defined above, paid to Group Management members amounted to 8.627 million euros in fiscal 2001 (14 individuals including 2 no longer in office and 2 appointed during the year). Total remuneration in fiscal 2000 was 8,098 million euros (14 individuals including 2 appointed during 2000, plus 4 individuals whose Group Management functions ceased during the year), including the variable portion.

Individual remuneration of company officers in respect of fiscal 2001

The individual remuneration of company officers in respect of fiscal 2001 was as follows:

(in euros)	Fixed remuneration paid in fiscal 2001 (1)	Variable remuneration paid in fiscal 2002 in respect of fiscal 2001
B. Collomb	853,710	512,226
B. Kasriel	487,840	243,920

(1) including Group subsidiary Directors' fees

AUDITORS

Statutory auditors

- Deloitte Touche Tohmatsu, 185, avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France, represented by Mr. Jean-Paul Picard.

First term of office: 1994

Current term of office: appointed by the Annual General Meeting of May 25, 2000, for a term of office expiring at the end of the Annual General Meeting held to adopt the 2005 financial statements.

- Cogerco-Flipo, 9, avenue Percier, 75008 Paris, represented by Mr. Henri Lejetté.

First and current term of office: appointed by the Annual General Meeting of May 25, 2000, for a term of office expiring at the end of the Annual General Meeting held to adopt the 2005 financial statements.

Deputy auditor

- BEAS, 7-9, villa-Houssay, 92200 Neuilly-sur-Seine, France

First and current term of office: appointed by the Annual General Meeting of May 25, 2000, for a term of office expiring at the end of the Annual General Meeting held to adopt the 2005 financial statements.

These terms of office will expire at the end of the Annual General Meeting held to adopt the 2005 financial statements.

STOCK EXCHANGE INFORMATION

In France, the Company's stock is listed on the Euronext official market. The Lafarge share qualifies for the deferred settlement system and is traded in single units under the Sicovam code 12053.

At December 31, 2001, the Company's stock was also listed in the United Kingdom and in Germany. Since July 23, 2001, the stock has also been listed in the form of ADRs (American Depositary Receipts) on the New York Stock Exchange.
The other principal listed Group companies are:

- Lafarge North America (New York Stock Exchange) in the United States
- Lafarge North America and the exchangeable preferred stock of Lafarge Canada Inc. in Canada (Toronto and Montreal)
- Lafarge Ciment in Morocco (Casablanca)
- Fabrica Nacional de Cementos in Venezuela (Caracas)
- Cementia in Switzerland (Zurich)
- Empresas Melón in Chile (Santiago de Chile)
- Alexandria Portland Cement Company in Egypt (Cairo)
- Heracles General Cement in Greece (Athens)
- Malayan Cement Berhad in Malaysia (Kuala Lumpur)
- Chilanga Cement in Zambia (Lusaka)

THE LAFARGE STOCK ON THE PARIS BOURSE

Lafarge stock and Euronext, Paris

The introduction of a loyalty dividend required the implementation by Sicovam of specific codes enabling the classification of registered shares according to the duration held in this form. The two-year period from registration is counted each year with effect from January 1 of the year following registration.

The general code 12053 applies to:
- bearer shares
- shares registered between January 1, 2002 to December 31, 2002. This stock will then be allocated a specific code with effect from January 1, 2003.

Specific code 6694 indicates all stock recorded in custody only or administered registered accounts in 1999 or before. This stock grants entitlement to the loyalty dividend paid in 2002 in respect of the results of fiscal 2001.

Specific code 7858 indicates all stock recorded in custody only or administered registered accounts in 2000. The two-year period during which this stock must be held to grant entitlement to a loyalty dividend commenced January 1, 2001. This stock will be entitled to the loyalty dividend paid in 2003 in respect of the results of fiscal 2002.

Specific code 4500 indicates all stock recorded in custody only or administered registered accounts in 2001. The two-year period during which this stock must be held to grant entitlement to a loyalty dividend commenced January 1, 2002. This stock will be entitled to the loyalty dividend paid in 2004 in respect of the results of fiscal 2003.

The specific codes are sub-categories of the general code 12053. The stock classified under these codes is not, therefore, a separate category of stock. Such stock remains listed on the stock market, in the same way as all other stock, under the general code 12053

Code 6763 indicates, during the period from January 1 of each year to the ex-dividend date (June 3, 2002 this year), the shares created since January 1 of the current year which do not grant entitlement to the dividend paid in the year. This category includes shares issued as a result of the exercise of stock subscription options during this period.

*Transactions over the last 18 months**

Year	Month	Trading volumes (including after hours) (thousands)	Number of shares Value (in millions of euros)	Share price high (euros)	Share price low (euros)	Adjusted share price* high (euros)	Adjusted share price* low (euros)
2000	September	8,282	688	90.80	76.70	88.87	75.07
	October	8,664	687	87.00	73.75	85.15	72.18
	November	6,292	535	88.10	82.00	86.23	80.26
	December	8,035	719	92.15	84.35	90.19	82.56
	Total 2000 (4 months)	**31,273**					
2001	January	22,850	2,241	103.5	87.6	101.3	85.74
	February	15,350	1,604	109.60	98.509	109.60	98.50
	March	20,296	2,075	114	90.35	114	90.35
	April	12,400	1,285	109.50	95.60	109.50	95.60
	May	12,182	1,330	113.70	102.70	113.70	102.70
	June	14,319	1,458	110.30	96.00	110.30	96.00
	July	13,540	1,379	107	95.15	107	95.15
	August	9,823	995	104.70	97.10	104.70	97.10
	September	14,846	1,332	102.60	74	102.60	74
	October	12,010	1,149	101	86.10	101	86.10
	November	13,305	1,319	107.60	92.80	107.60	92.80
	December	7,692	821	106.90	99.50	106.90	99.50
	Total 2001	**168,613**					
2002	January	11,231	1,135	107	96,85	107	96.85
	February	10,514	1,070	105.40	98.90	105.40	98.90

Source EURONEXT Paris S.A.
* adjusted for subscription rights to the common stock issue with preferential subscription rights performed in February 2001.

Stock exchange data for the last 5 years

	2001	2000	1999	1998	1997
Daily average trading volumes on Euronext Paris SA					
In number of shares	667,518	521,670	368,218	326,369	289,694
In millions of euros	67.1	45.5	34.1	25.6	16.9
Market high and low (in euros)					
high	114	118.40	115.60	100.31	69.26
high (adjusted)*	114	116.46	113.70	98.70	66.80
high (adjusted at January 22, 2001)**	114	113.98	111.29	96.60	65.30
low	74	73.75	70.10	54.73	46.50
low (adjusted)*	74	73.75	68.90	53.80	44.90
low (adjusted at January 22, 2001)**	74	72.18	67.43	52.65	43.94
Closing price at year end	**104.90**	**89.30**	**115.60**	**80.95**	**60.20**
Closing price at year end (adjusted)*	**104.90**	**89.30**	**113.70**	**79.60**	**58.10**
Closing price at year end (adjusted at January 22, 2001)**	**104.90**	**87.40**	**111.29**	**77.90**	**56.86**
Overall yield per share (%)***	**3.9**	**2.7**	**3.4**	**4.26**	**4.82**

* Adjusted to take account of the common stock issue with preferential subscription rights of March 18, 1998 and subscription rights to the bonds redeemable in stock or cash issued on March 20, 2000

** Adjusted following the detachment at this date of the preferential right to subscribe to the common stock issue performed in February 2001

*** Dividend distributed in the year in question (plus tax credit), over the last listed price for the previous year

Monep

The Lafarge share was included in the first series of securities listed on the Paris options market September 10, 1987.

Short-dated options

	At December 31, 2001	At December 31, 2000	At December 31, 1999
Number of contracts traded	716,110	1,232,767	587,848
Average daily number of contracts traded	2,830	4,834	2,270
Open positions:			
number of contracts	43,105	90,526	102,732
number of securities	431,050	905,260	1,027,320

Long-dated options

	At December 31, 2001	At December 31, 2000	At December 31, 1999
Number of contracts traded	17,554	227,459	97,299
Average daily number of contracts traded	69	892	376
Open positions:			
number of contracts	11,637	71,365	46,344
number of securities	116,370	713,650	463,440

ACTIVITY ON THE LONDON STOCK EXCHANGE

Transactions over the last 18 months*

(in thousands of shares)	2002	2001	2000
January	3,470	15,322	-
February	3,864	7,046	-
March		9,210	-
April		7,210	-
May		6,173	-
June		6,275	-
July		6,875	-
August		4,397	-
September		5,705	1,749
October		3,152	2,539
November		4,427	3,020
December		2,345	5,363

* Since July 1999, trading values have been stated on a calendar month basis from the first day to the last day of the month.
(Source: SEAQ)

ACTIVITY ON THE NEW YORK STOCK EXCHANGE (ADRs)

Transactions since listing (July 2001)*

Number of ADRs	2001
July	13,600
August	31,400
September	63,900
October	68,800
November	455,200
December	175,500
	2002
January	102,500
February	97,700

*Lafarge stock has been listed on the New York Stock Exchange since July 23, 2001 in the form of American Depositary Receipts (ADRs).

SHAREHOLDER INFORMATION

Share value for French wealth tax purposes at December 31, 2001

Closing price at December 31, 2001: 104.90 euros.
Average closing price over the last 30 days of 2001: 102.90 euros.

Attendance at Annual and Extraordinary General Meetings

All registered shareholders receive a personal invitation to attend Annual and Extraordinary General Meetings of Shareholders. Bearer shareholders holding at least 200 shares receive the same invitation. All shareholders are, nonetheless, entitled to attend Annual and Extraordinary General Meetings irrespective of the number of shares they hold:
– where the shares are registered shares, they must be recorded in custody only or administered registered accounts;
– where the shares are bearer shares, the portfolio manager must establish and forward to the Company a certificate showing registration of the share account.
Annual and Extraordinary General Meetings may be held at the Company's registered office or any other location indicated in the invitation.

Voting rights

Each share carries one vote. However, registered shares held for a minimum period of two years carry double voting rights.

Voting rights are exercised at meetings without limit up to 1% of voting rights at the date of the meeting. Beyond this 1% threshold, the number of voting rights is limited based on the number of voting rights present or represented at the meeting.

The method used to calculate the number of voting rights subject to restriction is detailed in Annex 2 of the bylaws. For each shareholder, where applicable, direct and indirect voting rights are aggregated, as are voting rights held by third parties with whom the shareholder has formed a voting block as defined by law.

Voting rights are exercised by the beneficial owner at all meetings, unless the beneficial owner and bare owner agree otherwise and jointly notify the Company five days prior to the meeting (or within any other period decided by the Board of Directors).

DIVIDEND INFORMATION

Appropriation of net income
Ordinary and loyalty dividend

Since the inclusion of this provision in the bylaws in 1996, all shares held in registered form for a minimum period of two years grant entitlement to an additional 10% dividend. This increased dividend is known as the “loyalty dividend”. The loyalty dividend is limited per shareholder to the number of shares corresponding to 0.5% of the common stock.
The two-year qualifying period runs from January 1 of the year following the recording of the shares in registered form. Thus, to qualify for the loyalty dividend on June 3, 2002, shares must have been held in registered form on December 31, 1999.

Scrip dividends
Impact on loyalty dividends

The Annual General Meeting can offer shareholders the option to elect for payment of the dividend in new shares or cash. Shares received as scrip dividends rank pari passu with the stock granting entitlement to such dividends for the purpose of determining the period during which registered shares have been held. As such, shares received in respect of loyalty scrip dividends (payment on June 3, 2002) are considered to have been held in registered form for the qualifying two-year period and will confer entitlement to the loyalty dividend in 2003.

Dividend prescription

Dividends which have not been claimed within a period of five years from the payment date become statute barred and are paid to the French State in accordance with the law.

INFORMATION ON BONUS ISSUES

In the event of a bonus issue, the number of shares allocated in respect of shares held more than two years is similarly increased by 10%.

SHAREHOLDER RELATIONS

SHAREHOLDERS’ REPRESENTATION

Shareholders’ Consultative Committee

The Shareholders’ Consultative Committee was formed in March 1995. It comprises ten members who reflect the general age, sex and geographical make-up of the private individual shareholder base. One of the seats on the Committee in specifically reserved for a private individual shareholders’ association. Members are appointed for a period of three years by the Company and selected from applications submitted by shareholders in response to invitations published in *the Lafarge Shareholders’ Newsletter*. One third of the Committee is renewed each year. The Committee was renewed in March 2001.

The role of the Committee is to help improve Group communications targeting individual shareholders. It met and was consulted on several occasions during 2001, particularly in March for the presentation of the financial statements for fiscal 2000, the preparation of the Annual General Meeting of May 28, 2001 (the Committee took part in devising the shareholders’ questionnaire enclosed with the invitation to attend the meeting) and the preparation of the April Shareholders’ Newsletter.

SHAREHOLDER INFORMATION

Besides the annual report (published in French and English), the following sources of information are available to shareholders:
– a summary of the annual report,
– the shareholders’ handbook,
– a shareholders’ newsletter (published twice yearly),
– a half-yearly report at June 30 of each year,
– the Internet site www.lafarge.com (in French and English),

– form 20-F, filed each year in connection with our listing in the United States (this document is available on our Internet site).
A toll-free number is available to shareholders in France: 0 800 235 235.

LAFARGE SHAREHOLDER SERVICES FOR CUSTODY ONLY REGISTERED ACCOUNTS

Registrar services are provided to Lafarge by Crédit Commercial de France ("CCF").
Lafarge has delegated powers to CCF to offer custody only accounts to shareholders. All information in this respect may be requested directly from:
Crédit Commercial de France
Avenue Robert Schumann
51051 Reims Cedex
France
(fax: 03 26 09 89 97)
Or obtained by calling the toll-free number (France only): 0 800 06 06 46.

COMPANY INFORMATION

- Legal form: "Société anonyme" governed by articles L 210-I and following of French commercial law (Code de Commerce)
- Nationality: French
- Registered office: 61, Rue des Belles Feuilles, 75116 Paris, France
- Reference number in the Paris Trade and Companies Register: B 542 105 572
- Principal activity (APE code): 741J
- Date of incorporation: 1884 (incorporation of J et A Pavin de Lafarge in Viviers, Ardèche, France)
- Date of expiration: December 31, 2066
- Corporate purpose: the acquisition and management in France and abroad of all industrial or financial investments relating in particular to its principal activities: cement, aggregates and concrete, roofing and gypsum.
- Fiscal year: from January 1 to December 31.
- Common stock at December 31, 2001: 520,583,200 euros divided into 130,145,800 shares of a par value of 4 euros each.
- Total number of voting rights at December 31, 2001: 140,832,653. The most recent entry in the French Official List of Obligatory Legal Notices (Bulletin Officiel d'Annonces Légales Obligatoires) was based on the number of voting rights at May 28, 2001, the date of the Annual General Meeting, and indicated 139,658,869 voting rights. Actual voting rights have not varied by more than 5% since this date.
- Legal documents (bylaws, minutes of meetings, auditors' reports, etc.) may be consulted at or requested from the Shareholder Relations Department (Service des relations avec les actionnaires) at the registered office.

Senior Executives

Bertrand Collomb*
Chairman and Chief Executive Officer
Bernard Kasriel*
Vice-Chairman and Chief Operating Officer
Michel Rose*
Senior Executive Vice President
Jean-Carlos Angulo
Executive Vice President, Western Europe
Miguel del Campo
Executive Vice President, South America
Yves de Clerck
Executive Vice President, Central Europe
Jean-Jacques Gauthier*
Executive Vice President, Finance
Ulrich Glaunach*
Executive Vice President, Roofing
Christian Herrault*
Executive Vice President, Human Resources and Organization
Bruno Lafont*
Executive Vice President, Gypsum
Charles de Liedekerke*
Executive Vice President, Aggregates & Concrete
Isidoro Miranda*
Executive Vice President, Cement
Philippe Rollier
Executive Vice President, North America
Jean-Marie Schmitz
Executive Vice President, Morocco

* Member of the Executive Committee

Honorary Chairmen

Jean Bailly
Jean François
Olivier Lecerf

International Advisory Board

Mong-Won Chung
Chairman, Halla Business Group (South Korea)
Alfonso Cortina
Chairman and Chief Executive Officer, Repsol YPF (Spain)
Juan Gallardo
Chairman, GEUSA and Grupo Azucarero Mexico (Mexico)
Mohamed Kabbaj
Adviser to the King of Morocco,
Chairman of Lafarge Maroc (Morocco)
David K. P. Li
Chairman and Chief Executive Officer, Bank of East Asia Ltd. (Hong Kong)
Thierry de Montbrial
Director and founder of Institut des Relations internationales (France)
Hugh M. Morgan
Chief Executive Officer, WMC Ltd (Australia)
N. R. Narayana Murthy
Chairman and Chief Executive Officer Lafarge India Ltd (India)
James E. Perella
Former Chairman and Chief Executive Officer, Ingersoll-Rand Company (United States)
William K. Reilly
Chairman and Chief Executive Officer, Aqua International Partners (United States)
Henning Schulte-Noelle
Chairman of the Board of Directors, Allianz AG (Germany)
Tadao Suzuki
Chairman and Chief Executive Officer, Mercian Corporation (Japan)

REFERENCE DOCUMENT

PERSONS RESPONSIBLE FOR THE ACCURACY OF THE REFERENCE DOCUMENT

To the best of our knowledge, the information presented in this reference document fairly reflects the current situation and includes all information required by investors to assess the net asset position, activities, financial solvency, results and future prospects of the issuer. We confirm that no information likely to have a material impact on the interpretation of these documents has been omitted.

Paris, 10 April 2002

Jean-Jacques Gauthier
Executive Vice President, Finance

Bertrand Collomb
Chairman and Chief Executive Officer

AUDITORS REPORT ON THE "REFERENCE DOCUMENT"

Year ended December 31, 2001

Deloitte Touche Tohmatsu
185, avenue Charles-de-Gaulle - B.P. 136
92203 Neuilly-sur-Seine Cedex
France

Cogerco Flipo
9, avenue Percier
75008 Paris
France

As auditors of Lafarge and in accordance with Regulation 98-01 of the Commission des Opérations de Bourse (COB) and professional standards applicable in France, we have performed procedures on the information contained in the "reference document" relating to the financial position and historical financial statements of the Company.

Messrs. Bertrand Collomb, Chairman of the Board of Directors and Jean-Jacques Gauthier, Executive Vice President Finance are responsible for the preparation of the "reference document". Our responsibility is to report on the fairness of the information presented in the "reference document" relating to the financial statements.

We have performed our work in accordance with the professional standards applicable in France. Those standards require that we assess the fairness of the information presented relating to the financial statements and verify the consistency of the information presented with financial statements in respect of which an opinion has been issued. Our procedures also include reading the other information contained in the "reference document" in order to identify material inconsistencies with the information relating 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 "reference document" does not contain any projected data.

Our assessment of fairness also covered the pro forma information contained in note 4 of the notes to the 2001 consolidated financial statements, it being specified that the 2000 historical Blue Circle published financial statements, included in the consolidated financial statements, were audited by other auditors.

The company and consolidated financial statements for the year ended December 31, 2000, approved by the Board of Directors in accordance with French GAAP, were audited by Deloitte Touche Tohmatsu and Cogerco Flipo in accordance with professional standards applicable in France and certified without qualification. The following observation was made: "without qualifying the conclusion expressed in our report, we would draw your attention to note 1 L) in the notes to the consolidated financial statements for the year ended December 31, 2000 given in this "reference document" and which highlights the change in accounting method, as from January 1, 2000", arising from the application of the new CRC regulation relating to consolidated financial statements.

The company and consolidated financial statements for the year ended December 31, 1999 approved by the Board of Directors in accordance with French GAAP, were audited by Deloitte Touche Tohmatsu and Mr. Michel Rosse in accordance with the professional standards applicable in France, and were certified without qualification or observation.

The company and consolidated financial statements for the year ended December 31, 2001 approved by the Board of Directors in accordance with French GAAP, were audited by us in accordance with the 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 "reference document".

Neuilly-sur-Seine and Paris, April 10, 2002

The Auditors

Deloitte Touche Tohmatsu
Arnaud de Planta
Jean-Paul Picard

Cogerco Flipo
Henri Lejetté

CROSS-REFERENCE TABLE

(COB Regulation 98-01 / Application instruction December 2001)

This Annual Report having been filed as the reference document, the cross-reference table presented below identifies the principal headings of application instruction 98-01 issued by the Commission des Opérations de Bourse (COB) and refers readers to the corresponding pages of the Annual Report.

In accordance with Regulation 98-01, this reference document was filed with the Commission des Opérations de Bourse (COB) on March, 27 2002 under the following number: D02-162. A first update has been realized on April, 11 2002 under the following number: D02-162/A1. This document may only be used in connection with a financial operation where accompanied by a prospectus approved by the COB.

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LAFARGE

S.A. WITH SHARE CAPITAL OF 520,583,200 EUROS

REGISTERED OFFICE: 61, RUE DES BELLES FEUILLES

BP 40 – 75782 PARIS CEDEX 16 – FRANCE

TELEPHONE: (+33) 1 4434 1111 – FAX: (+33) 1 4434 1200

542 105 572 RCS PARIS

www.lafarge.com