

DRAFT SQUEEZE-OUT

FOR THE SHARES OF



INITIATED BY



EXTRACTS FROM THE LAFARGEHOLCIM LTD AND LAFARGE S.A. DRAFT JOINT SQUEEZE-OUT DOCUMENT (EXTRAITS DU PROJET DE NOTE D'INFORMATION CONJOINTE)

TERMS OF THE SQUEEZE-OUT

EUR60 in cash for each Lafarge S.A. share (net of costs)

IMPORTANT NOTICE

Subject to the conformity decision of the AMF, the squeeze-out procedure provided for by article L. 433-4 III of the monetary and financial code will be implemented. Lafarge S.A. shares will be transferred, on the date of implementation of the squeeze-out, to LafargeHolcim Ltd in exchange for a cash indemnification of EUR60 per Lafarge S.A. share (net of costs).

This document has not and will not be approved by the AMF and is made available for information purposes only.

This document is available on the websites of LafargeHolcim Ltd (www.lafargeholcim.com) and Lafarge S.A. (www.lafarge.com). Copies of this draft squeeze-out document are also available free of charge upon request at:

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1 Presentation of the Squeeze-Out

Pursuant to Title III of Book II and more specifically articles 237-14 and 237-16 II of the general regulations of the AMF (the “**AMF General Regulations**”), this squeeze-out procedure follows the public exchange offer (the “**Offer**”) initiated by LafargeHolcim Ltd (formerly Holcim Ltd), a company organized under the laws of Switzerland, having its registered office at Zürcherstrasse 156, 8645 Jona, Switzerland (“**LafargeHolcim**” or the “**Offeror**”), whose shares are traded on the SIX Swiss Exchange in Zurich (“**SIX**”) and on the Euronext Paris market (*Compartiment A*) (“**Euronext Paris**”) under ISIN Code CH0012214059 (“**LafargeHolcim Shares**”), for the shares of Lafarge S.A., a *société anonyme* with a share capital of EUR1,154,022,156 as at 10 September 2015, having its registered office at 61 rue des Belles Feuilles, 75116 Paris, registered with the Company Registry of Paris under the identification number 542 105 572 (“**Lafarge**” or the “**Company**”), whose shares are traded on Euronext Paris (*Compartiment A*) under ISIN Code FR0000120537 (the “**Lafarge Shares**”).

It is indicated that on 28 May 2015, the AMF declared the Offer compliant with applicable legal and regulatory provisions, and accordingly published a declaration of conformity and affixed the visa number 15-226 on the offer document (*note d'information*) relating to the Offer (the “**Offer Document**”) ¹, pursuant to which LafargeHolcim undertook to exchange the Lafarge Shares according to an exchange ratio of nine (9) registered shares of LafargeHolcim, bearing current dividend rights (*portant jouissance courante*), for every ten (10) Lafarge Shares, bearing current dividend rights (*portant jouissance courante*).

The terms and conditions of the Offer are described in the Offer Document and in Lafarge's response document (*note d'information en réponse*) on which the AMF affixed the visa number 15-227 on 28 May 2015.

Following the end of the re-opened Offer acceptance period, the AMF announced on 31 July 2015 that (i) LafargeHolcim was holding 278,131,864 Lafarge Shares representing 96.41% of the share capital and at least 95.25% of the voting rights of Lafarge ² and (ii) taking into account the 68,082 treasury shares held by Lafarge, the number of Lafarge Shares not tendered to the Offer by Lafarge shareholders represented 10,274,766 Lafarge Shares, representing 3.56% of the share capital and no more than 4.72% of the voting rights of Lafarge ³. Since the number of Lafarge Shares not tendered to the Offer did not exceed 5% of the share capital or voting rights of Lafarge, LafargeHolcim announced in a press release dated 4 August 2015, its intention to request from the AMF the implementation of a squeeze-out of the remaining Lafarge Shares.

It is specified that as at the 10 September 2015, LafargeHolcim was holding 96.40% of the share capital and at least 95.79% of the voting rights ⁴ of Lafarge.

As disclosed in the Offer Document, a scrip dividend of one (1) new LafargeHolcim share for twenty (20) existing LafargeHolcim Shares was distributed to all LafargeHolcim shareholders on 10 September 2015.

In view of the results of the Offer, and in accordance with the right it has reserved in the Offer Document, LafargeHolcim has decided to implement a squeeze-out procedure for the

¹ D&I215C0718 dated 29 May 2015.

² Based on the total number of Lafarge Shares outstanding as of 29 July 2015: 288,474,712 Lafarge Shares representing no more than 291,990,114 voting rights. The number of voting rights being an estimate taking only partially into account the loss of double voting rights attached to tendered shares.

³ D&I215C1166 dated 31 July 2015.

⁴ Based on the total number of Lafarge Shares outstanding as of 31 August 2015: 288,492,375 Lafarge Shares representing 290,344,390 voting rights, taking fully into account the loss of double voting rights attached to the Lafarge Shares tendered to the Offer.

Lafarge Shares Targeted by the Squeeze-Out (as defined in article 2.2 below) and commits irrevocably to indemnify in cash, pursuant to the terms and conditions set forth below, the shareholders of Lafarge for all Lafarge Shares Targeted by the Squeeze-Out they hold at a price of EUR 60 per Lafarge Share (net of costs) (the **"Squeeze-Out"**).

Lafarge shareholders in France and Canada may elect to tender their shares for LafargeHolcim shares pursuant to an exchange option that is described in a draft joint squeeze-out document to be approved by the AMF and to which French and Canadian shareholders should refer (the **"Exchange Option"**). The Exchange Option will be available to certain institutional investors in the United States pursuant to a separate US private placement memorandum.

In view of the Squeeze-Out, Société Générale and UBS Securities France S.A. (**"UBS Securities"**), as presenting banks of the Squeeze-Out, prepared a valuation of the Lafarge Shares. In addition, on 28 July 2015 the board of directors of Lafarge appointed, in accordance with the provisions of article 261-1 II of the AMF General Regulations, Accuracy, represented by Mr. Bruno Husson and Mr. Henri Philippe, as independent expert, in order to deliver a report including a fairness opinion (*attestation d'équité*) on the financial conditions of the cash indemnification of the Squeeze-Out.

The valuation report of the presenting banks and the report of the independent expert are fully included hereafter in articles 4 and 5 of this draft squeeze-out document.

This Squeeze-Out and this draft squeeze-out document remain subject to the examination by the AMF.

2 Terms and Conditions of the Squeeze-Out

Pursuant to article 231-13 of the AMF General Regulations, Société Générale and UBS Securities, acting on behalf of the Offeror, filed a draft squeeze-out document with the AMF on 14 September 2015. Société Générale guarantees the terms and the irrevocable nature of the undertakings made by the Offeror in connection with the Squeeze-Out.

This Squeeze-Out remains subject to the examination by the AMF.

A notice of filing will be published by the AMF on its website.

The AMF will publish on its website a formal statement of compliance regarding the Squeeze-Out, after having assured itself of the compliance of the Squeeze-Out with applicable legal and regulatory provisions. This declaration of conformity will include the visa for the squeeze-out document. Pursuant to article 237-18 of the AMF General Regulations, the declaration of conformity will indicate the date on which the Squeeze-Out will become effective, and on such date it will be implemented in consideration for a cash indemnification of the holders of Lafarge Shares subject to the Squeeze-Out.

2.1 Terms of the Squeeze-Out

The Lafarge Shares Targeted by the Squeeze-Out (as defined in article 2.2 below), will be transferred (whatever the country of residence of the holder of such shares), on the date of implementation of the Squeeze-Out to be determined by the AMF, to the Offeror in exchange for a cash indemnification of EUR 60 per Lafarge Share (net of costs).

On the date of implementation of the Squeeze-Out, Lafarge Shares will be delisted from Compartment A of Euronext Paris. The amount of the cash indemnification, i.e., EUR 60 per Lafarge Share (net of costs), will be paid on that date by the Offeror into a blocked account opened for this purpose with BNP Paribas Securities Services ("**BP2S**") which will centralise the indemnification transactions.

Following completion of the Squeeze-Out, Euroclear France will close the ISIN Code FR0000120537 of the Lafarge Shares together with the accounts of the affiliates and will provide them with a certificate indicating the balance (*attestation de solde*).

Upon presentation of such certificates, BP2S will transfer to the financial intermediaries holding securities accounts (*dépositaires teneurs de comptes*) the cash indemnification due, and the latter will credit the account of the relevant former Lafarge shareholders concerned by the Squeeze-Out, subject to specific rules applicable to the former holders of Lafarge Shares acquired through the LEA group savings plans (as described in article 2.3.4 below).

Pursuant to the provisions of article 237-6 of the AMF General Regulations, unallocated funds for indemnification of the Lafarge Shares Targeted by the Squeeze-Out (in accordance with article 2.2 below) will be kept by BP2S for ten years as from the date of implementation of the Squeeze-Out and transferred to the *Caisse des dépôts et consignations* upon expiry of this period. These funds will be kept available to the legal beneficiaries but will however be subject to the thirty-year limitation period, after which they will be transferred to the French State.

Pursuant to article 237-7 of the AMF General Regulations, a notice will be published by BP2S in a national daily newspaper specialised in economy and finance each year, throughout the entire period during which BP2S holds the funds, inviting the non-indemnified former Lafarge shareholders to exercise their rights.

If BP2S pays out all of the frozen funds corresponding to the cash indemnification payable, an appropriate announcement will be published by BP2S in a national daily newspaper specialised in economy and finance. Publication of the aforementioned annual notice will then no longer be required.

2.2 Number and Type of Lafarge Shares Targeted by the Squeeze-Out

The Squeeze-Out targets all Lafarge Shares that will be existing and outstanding two (2) trading days immediately preceding the implementation date of the Squeeze-Out except for:

- Lafarge Shares that will be held by LafargeHolcim and Lafarge on that day (i.e., respectively 278,131,864 and 68,082 Lafarge Shares as at the date on which the draft squeeze-out document was filed);
- Lafarge Shares tendered to the Exchange Option; and
- Lafarge Shares which are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 pursuant to the Liquidity Mechanism (as defined in article 2.3.5);

(such Lafarge Shares targeted by the Squeeze-Out being referred to as the “**Lafarge Shares Targeted by the Squeeze-Out**”).

2.3 Situation of Holders of Lafarge Stock Options, Lafarge Performance Shares and Lafarge Shares held in Employee Funds

Information relating to the Lafarge stock options, Lafarge performance shares and Lafarge Shares held in employee funds is included in the Lafarge *Document de Référence* filed with the AMF on 23 March 2015 under number D.15-0190 (the “**Lafarge Reference Document**”). Updated information as at 8 September 2015 has been further provided by Lafarge to LafargeHolcim.

2.3.1 Situation of Holders of Lafarge Stock Options

Each of the outstanding Lafarge stock options gives right to one share of Lafarge and is no longer subject to a vesting period (subject to applicable performance and presence conditions).

To LafargeHolcim’s knowledge, a total of 4,745,752 Lafarge stock options were outstanding as of 8 September 2015.

The table below summarizes the main characteristics of the Lafarge stock options as of 8 September 2015:

	2005 Plan	2006 Plan (1)	2006 Plan (2)	2007 Plan	2008 Plan
Date of the shareholders' meeting providing authorization	25/05/05	25/05/05	25/05/05	03/05/07	03/05/07
Date of the Lafarge board of directors meeting/ Date of grant	16/12/05	24/05/06	24/05/06	15/06/07	26/03/08
Settlement	Newly-issued shares	Newly-issued shares	Newly-issued shares	Newly-issued shares	Newly-issued shares

	2005 Plan	2006 Plan (1)	2006 Plan (2)	2007 Plan	2008 Plan
Total number of shares that could be subscribed	1,466,294	768,626	171,980	621,865	819,487
Duration of the options (<i>in years</i>)	10	10	10	10	10
Available for exercise from	16/12/09	24/05/10	24/05/10	15/06/11	26/03/12
End of exercise period	16/12/15	24/05/16	24/05/16	15/06/17	26/03/18
Exercise price (<i>in EUR</i>)	62.78	84.42	84.42	110.77	96.18
Total number of outstanding Lafarge stock options as at 8 September 2015	1,196,992	707,458	150,410	540,883	728,672

	2009 Plan	2010 Plan	2011 Plan	2012 Plan
Date of the shareholders' meeting providing authorization	03/05/07	06/05/09	06/05/09	12/05/11
Date of the Lafarge board of directors meeting/ Date of grant	25/03/09	24/03/10	15/03/11	15/03/12
Settlement	Newly-issued shares	Newly-issued shares	Newly-issued shares	Newly-issued shares
Total number of shares that could be subscribed	744,045	1,203,500	781,980	789,920
Duration of the options (<i>in years</i>)	10	10	10	10
Available for exercise from	25/03/13	24/03/14	15/03/15	15/03/16 (but acceleration as a result of the Offer per plan rules)
End of exercise period	25/03/19	24/03/20	15/03/21	15/03/22
Exercise price (<i>in EUR</i>)	30.74	51.30	44.50	36.00
Total number of outstanding Lafarge stock options as at 8 September 2015	288,183	429,286	355,564	348,304

Subject to applicable performance and presence conditions, the Lafarge stock options granted under the 2005, 2006 (1), 2006 (2), 2007, 2008, 2009, 2010, 2011 and 2012 plans are vested as at the date of this draft squeeze-out document. Lafarge Shares issued following the exercise of such Lafarge stock options will be:

- targeted by the Squeeze-Out if the exercise of such Lafarge stock options occurs at the latest two (2) trading days immediately preceding the implementation date of the Squeeze-Out; and/or
- subject to the restrictions set forth in article 1, eligible for the Exchange Option in the exercise of such Lafarge stock options occurs before the closing of the Exchange Option exercise period.

2.3.2 Situation of Holders of Lafarge Performance Shares

Lafarge has set up several plans granting Lafarge performance shares in 2011, 2012, 2013 and 2014.

The Lafarge performance shares are definitely allotted to beneficiaries upon expiry of a three-year vesting period for French tax residents or upon expiry of a four-year vesting period for non-French tax residents, subject to applicable performance conditions. In addition, French tax residents must also hold the Lafarge performance shares for an additional period of two years following definitive allotment.

Lafarge performance shares definitely allotted to the beneficiaries will be:

- targeted by the Squeeze-Out, unless they are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 pursuant to the Liquidity Mechanism (as far as Lafarge performance shares definitively allotted to beneficiaries are concerned, only those that are still the subject of a holding period on the implementation date of the Squeeze-Out may be covered by the Liquidity Mechanism), and/or
- subject to the restrictions set forth in article 1, eligible for the Exchange Option provided they are no longer subject to a holding period.

If certain of the Lafarge performance shares become transferable following the death or the invalidity of the holders pursuant to the provisions of article L. 225-197-1 of the French commercial code, these performance shares would be:

- targeted by the Squeeze-Out, unless they are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 pursuant to the Liquidity Mechanism, and/or
- subject to the restrictions set forth in article 1, eligible for the Exchange Option if they become transferable before the closing of the Exchange Option exercise period, unless they are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 pursuant to the Liquidity Mechanism..

On 17 February 2015, the Lafarge board of directors amended the 2011 plan applicable to non-French tax residents and the 2012 plan applicable to French tax residents in order to allow the settlement of such plans with newly-issued shares. By decisions dated 16 and 17 March 2015, a total of 303,666 shares have been issued to this effect.

As of 8 September 2015, a total of 1,075,853 Lafarge performance shares were outstanding, all of which were still subject to a vesting period and/or a mandatory holding period.

The table below summarizes the principal characteristics of the Lafarge performance shares as of 8 September 2015.

	2011 Plan (1)	2011 Plan (2)	2012 Plan	2013 Plan	2014 Plan
Date of the meeting providing authorization	06/05/09	12/05/11	12/05/11	12/05/11	07/05/13
Date of the Lafarge board of directors meeting/ Date of grant	15/03/11	12/05/11	15/03/12	13/03/13	11/03/14
Settlement	Existing shares (except for non-French tax residents)	Existing shares	Existing shares (except for French tax residents)	Existing shares	Existing shares
Total of Lafarge performance shares initially granted	328,755	20,000	483,967	636,920	331,745
Date of definitive allotment					
<i>French tax residents</i>	15/03/14	12/05/14	17/03/15	15/03/16	14/03/17
<i>Non-French tax residents</i>	15/03/15	N/A	15/03/16	14/03/17	12/03/18
Date Lafarge performance shares can be transferred					
<i>French tax residents</i>	15/03/16	12/05/16	17/03/17	16/03/18	15/03/19
<i>Non-French tax residents</i>	15/03/15	N/A	15/03/16	14/03/17	13/03/18
Lafarge performance shares outstanding as at 8 September 2015	17,946	10	196,707	543,105	318,085

2.3.3 Shares Held in Employee Funds

The supervisory board of the FCPE LafargeHolcim (formerly FCPE Lafarge 2000) decided on 8 June 2015 to tender its Lafarge Shares to the Offer. As a result of the completion of the Offer, it no longer holds any Lafarge Share.

2.3.4 Shares Held through the Lafarge LEA group savings plan

Lafarge shareholders who directly hold Lafarge Shares through the Lafarge LEA group savings plan (*plan d'épargne groupe LEA*, hereinafter the “**LEA Plan**”) will receive the cash indemnification proposed under the Squeeze-Out.

For Lafarge shareholders who are not French residents, such cash indemnification will be credited to their respective account.

For Lafarge shareholders who are French residents:

- with respect to all pre-2011 LEA Plans, such cash indemnification may, at their sole discretion, be credited to their respective account (upon request) or reinvested in whole or in part in units of the FCPE Lafarge Placement Monétaire; further detail may be obtained from their account holder; and
- with respect to the 2011 LEA Plan, such cash indemnification must be reinvested in whole in units of the FCPE Lafarge Placement Monétaire until the end of the remaining duration of the applicable lock-up period (subject to the occurrence of early release events).

2.3.5 Liquidity Mechanism

Certain Lafarge shareholders will be granted the right to enter into a liquidity agreement with LafargeHolcim whereby they will have the right and the obligation, during a defined period of time and under certain conditions, (i) to exchange certain Lafarge Shares they hold or will hold (the “**Eligible Lafarge Shares**”) for LafargeHolcim Shares based on the Exchange Ratio (as amended from time to time to take into account certain transactions impacting the capital or the equity of Lafarge or LafargeHolcim) or (ii) to sell such Eligible Lafarge Shares to LafargeHolcim for a cash amount determined on the basis of the Exchange Ratio (as amended from time to time to take into account certain transactions impacting the capital or the equity of Lafarge or LafargeHolcim) (the “**Liquidity Mechanism**”). The choice between the exchange and the sale alternative will be at the sole discretion of LafargeHolcim.

2.4 Agreements which may have an Influence on the Squeeze-Out

With the exception of the Liquidity Mechanism, LafargeHolcim is not aware of any other agreements that could have a significant impact on the transfer of the Lafarge Shares in the context of the Squeeze-Out.

2.5 Indicative Timetable of the Squeeze-out

This timetable is tentative and subject to approval by the AMF.

29 September 2015	Publication of the declaration of conformity of the Squeeze-Out by the AMF
23 October 2015	Implementation of the Squeeze-Out Delisting of the Lafarge Shares from Euronext Paris

2.6 Financing of the Squeeze-Out

The maximum amount of the cash indemnification to be paid by LafargeHolcim for the transfer of Lafarge Shares Targeted by the Squeeze-Out is EUR 618.335.580⁵,

⁵ On the basis of 10,305,593 remaining Lafarge Shares Targeted by the Squeeze-Out (excluding the 278,131,864 Lafarge Shares held by LafargeHolcim and the 68,082 treasury shares held by Lafarge) which could be increased by:

- 1,421,337 Lafarge Shares which may be issued following the exercise of Lafarge stock options and which are in the money as at the date of this Document (excluding those which will be subject of a liquidity agreement); it being specified that the transfer of Lafarge Shares in the context of the Squeeze-Out following the exercise of stock options granted under the 2012 plan (i.e. 348,304 stock options as at 8 September 2015) will not benefit, as specified under article 2.8.2, from the favourable tax and social regime, since such a transfer would be made in violation of the four-year vesting period; and

before miscellaneous fees and commissions. The payment of this amount will be financed out of cash by LafargeHolcim (and/or other available funding sources).

2.7 Tax Treatment of the Squeeze-Out

The description of the French and Swiss tax treatment of the Squeeze-Out summarized below is based on the laws as currently in force. However, such laws may be modified by subsequent amendments brought to the applicable French or Swiss tax rules (potentially with retrospective effect) and their interpretation by the French or Swiss tax authorities.

The statements below are a summary provided for general information purposes only and should by no means be considered as a comprehensive analysis of all tax consequences that may apply to holders of Lafarge Shares. Holders of such shares should contact their usual tax advisor in order to determine the tax regime applicable to their own situation.

Holders of Lafarge Shares who are not residents of France or Switzerland should also comply with the applicable tax laws of their country of residence, subject to the application of any double tax treaty entered into between such country of residence and France, and/or Switzerland.

2.7.1 Swiss Tax Treatment of the Squeeze-Out

(i) Swiss Tax Treatment of the Squeeze-Out in case of an indemnification in cash

Shareholders who are not resident in Switzerland for tax purposes are not subject to Swiss individual or corporate income taxes, except if their Lafarge Shares are attributed to a permanent establishment (*Betriebsstätte*) or a fixed place of business in Switzerland.

The following individual and corporate income tax consequences will likely result for shareholders of Lafarge who are resident in Switzerland for tax purposes:

- Pursuant to general principles of Swiss income taxation, shareholders holding their Lafarge shares as private assets (*Privatvermögen*) may realize either a tax-free private capital gain or suffer a non-tax-deductible capital loss, unless the shareholder classifies as a professional securities dealer (*gewerbsmässiger Wertschriftenhändler*).
- Shareholders holding their Lafarge Shares as business assets (*Geschäftsvermögen*) or qualifying as professional securities dealer (*gewerbsmässiger Wertschriftenhändler*) realize either a taxable capital gain or a tax-deductible capital loss depending on the relevant income tax value of their Lafarge shares pursuant to general principles of Swiss individual and corporate income taxation.

The compensation paid to the shareholders of Lafarge in connection with the Squeeze-Out may be subject to Swiss securities transfer stamp duty (*Umsatzabgabe*) at an aggregate tax rate of up to 0.30%, subject to certain exemptions provided for in the Swiss Federal Stamp Tax Act.

- 3,324,415 Lafarge Shares which may be issued following the exercise of stock options and which, as at the date of this Document, are out of the money (excluding those which will be subject of a liquidity agreement).

2.7.2 French Tax Treatment of the Squeeze-Out

(i) French Tax Treatment of the Squeeze-Out in case of an indemnification in cash

- (a) Individuals resident of France for tax purposes who are holding Lafarge Shares as part of their private estate and who do not trade on the markets on a usual basis (other than individuals holding their Lafarge Shares acquired in the frame of a company or group savings plan – *plan d'épargne d'entreprise ou de groupe*)

- (l) General regime applicable to French resident individuals (other than individuals holding their Lafarge Shares through a share savings plan (*PEA*) or holding shares acquired pursuant to stock option or performance share plans)

Net capital gains realized upon the transfer of Lafarge Shares in the context of the Squeeze-Out procedure will be subject to personal income tax at the progressive scale (and will also be included, without deduction, in the taxpayer's reference income (*revenu de référence*), which may be subject to the 3% or 4% contribution on high-income taxpayers), after application, as the case may be, of a rebate the amount of which depends on the period during which the taxpayer has held such shares, as provided by article 150-0 D of the French tax code (the "**FTC**"), it being provided that such rebate does not apply for the purposes of the calculation of the reference income and the basis of the contribution on high-income taxpayers.

Such rebate currently amounts to (i) 50% of the net capital gains when the shares sold have been held for at least two (2) years and for less than eight (8) years as at the date of the sale, or (ii) 65% of the net capital gains when the shares sold have been held for at least eight (8) years as at the date of the sale. No rebate is applicable where the sale is realized during the first two (2) years of holding of the shares.

In addition, and without the application of any rebate, capital gains arising on the transfer of the Lafarge Shares in the context of the Squeeze-Out will also be subject to:

- the *contribution sociale généralisée* (CSG) at the rate of 8.2%, of which a portion representing 5.1% of the gain is tax deductible;
- the social levy at the rate of 4.5%, not deductible from the personal income tax basis;
- the additional contribution to the social levy at the rate of 0.3%, not deductible from the personal income tax basis;
- the solidarity levy at the rate of 2%, not deductible from the personal income tax basis; and

- the *contribution pour le remboursement de la dette sociale* (CRDS) at the rate of 0.5%, not deductible from the personal income tax basis.

The transfer of the Lafarge Shares will terminate any deferral taxation from which the holders of such Lafarge Shares may have benefited in connection with prior transactions with respect to said Lafarge Shares.

Capital losses realized in respect of the transfer of Lafarge Shares can be set off against capital gains of the same nature realized during the year of the transfer or during the ten (10) following years, subject to the application of the rebates provided by article 150-0 D of the FTC to such capital losses, as far as personal income tax is concerned. Shareholders recognizing capital losses should contact their usual tax advisor to determine the rules applicable to the use of such capital losses.

- (II) Individuals resident of France for tax purposes, who hold their Lafarge Shares through a share savings plan (*plan d'épargne en actions* ("**PEA**"))

Lafarge Shares are eligible to be held through a PEA.

A PEA, under certain conditions, entitles its holder, (i) during the term of the PEA, to an exemption from income tax and social contributions on the proceeds and the capital gains derived from investments made in the context of the PEA, provided, in particular, that these proceeds and capital gains remain invested in the PEA, and (ii) upon termination of the PEA (if terminated after the fifth anniversary of the opening of the plan) or at the time of a partial withdrawal (if this withdrawal takes place after the eighth anniversary of the opening of the plan) to an exemption from income tax on the amount of net gains since the opening of the plan; this gain nevertheless remains subject to the social contributions.

Capital losses incurred in the context of the PEA may in principle be offset against the gains realized in the context of the PEA. However, in case the PEA is terminated before the end of the fifth year of its opening, or, under certain conditions, after the end of the fifth year of the opening of the plan, the losses incurred may, as the case may be, be offset against the same type of capital gain realized during the same year or during the then following years.

The transfer of Lafarge Shares held through a PEA in the context of the Squeeze-Out with an indemnification in cash would not constitute a withdrawal from the PEA provided that the proceeds derived from such transfer are wired to the related PEA's cash account of the Lafarge Shares Holders.

Individuals holding their Lafarge Shares through a PEA should contact their usual tax advisor in order to determine the tax regime applicable to their own situation.

(III) French resident holders of Lafarge Shares received following the exercise of Lafarge Stock Options

Pursuant to Article 163 bis C of the FTC (as applicable to Lafarge stock options granted before 28 September 2012), French resident beneficiaries of Lafarge stock options granted in accordance with the provisions of Article L. 225-177 to L. 225-186 of the French commercial code cannot benefit from the favourable tax and social regime applicable to the acquisition gain recognized upon exercise of their stock options, unless the Lafarge Shares received following the exercise of these Lafarge stock options are held in the nominative form and are not transferred or converted in the bearer form before the expiration of a four-year period (for options granted as from 27 April 2000) starting from the granting of such options (except, under certain conditions, in case of death, redundancy, invalidity or retirement of the holder occurring during this period).

In addition, pursuant to Article 200 A 6. of the FTC (as applicable to Lafarge stock options granted on or after 27 April 2000 and before 28 September 2012), beneficiaries of such Lafarge stock options can benefit from a reduced tax rate in respect of their acquisition gain, provided that they hold their Lafarge Shares under nominative form for a minimum additional two-year holding period starting on the later of the exercise of the options and the expiry of the four-year period mentioned hereinabove.

The transfer, in the context of the Squeeze-Out, of Lafarge Shares received following the exercise of Lafarge stock options will trigger the taxation of the corresponding acquisition gain recognized at the time of the exercise of the stock options (equal to the difference between the opening trading price of the Lafarge Shares on the exercise date of the options and the option exercise price). The applicable tax and social security regime will depend on whether or not the conditions of Article 163 bis C of the FTC and Article 200 A of the FTC (as applicable to Lafarge stock options granted on or after 27 April 2000 and before 28 September 2012) described hereinabove are satisfied at the time of such transfer. In particular:

- the transfer in the context of the Squeeze-Out of Lafarge Shares resulting from the exercise of Lafarge stock options granted under the 2012 plan will not be eligible to the favourable tax and social security regime since such transfer would constitute a breach of the four-year freeze period mentioned hereinabove, resulting in the acquisition gain being treated as employment income for both tax and social purposes.
- for Lafarge Shares resulting from the exercise of Lafarge stock-options granted on or after 27 April

2000, if the transfer in the context of the Squeeze-Out occurs during the additional two-year holding period mentioned hereinabove, it will not be eligible to the favourable reduced tax rate that may apply to the acquisition gain if the conditions described hereinabove are met.

The capital gain or loss, as the case may be, recognized upon the transfer of the Lafarge Shares in the context of the Squeeze-Out, and equal to the excess (or shortfall as the case may be) of (i) the cash indemnification received in the context of the Squeeze-Out, over (ii) the opening trading price of the Lafarge Shares on the exercise date of the options, will be subject to taxation under the conditions set forth in article 2.8.2 (i)(a)(I).

Holders of Lafarge Shares resulting from the exercise of stock options granted before 27 April 2000 are urged to consult their tax advisor to determine the tax regime applicable to them.

(IV) French resident holders of Lafarge Shares granted under performance share plans

Pursuant to the first paragraph of Article 80 quaterdecies of the FTC (as applicable to Lafarge performance shares granted before 28 September 2012), French resident holders of performance shares granted pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-3 of the French commercial code can benefit from the favourable tax and social regime attached thereto, provided, among other conditions, that such Lafarge performance shares are held for a minimum two-year holding period following the day they are definitively acquired.

The transfer, in the context of the Squeeze-Out, of Lafarge Shares granted under performance share plans, will trigger the taxation of the corresponding acquisition gain recognized at the time of the acquisition of the performance shares. The transfer, in the context of the Squeeze-Out, of Lafarge shares granted under 2011 and 2012 performance share plans (as a result of their holders not having entered into a liquidity agreement pursuant to the Liquidity Mechanism) will constitute a breach of the two-year holding period mentioned hereinabove, resulting in the acquisition gain being treated as employment income for both tax and social purposes.

The capital gain or loss, as applicable, which may be realized upon the transfer of the Lafarge performance shares in the context of the Squeeze-Out, equal to the excess (or shortfall as applicable) of (i) the cash indemnification received in the context of the Squeeze-Out over (ii) the opening trading price of the Lafarge Shares on the day Lafarge performance shares have been definitively acquired, will be subject to taxation under the conditions described in article 2.8.2 (i)(a)(I).

- (b) Legal Entities which are tax resident in France and subject to French corporate income tax under standard conditions

Net capital gains and net capital losses realized upon the transfer of Lafarge Shares in the context of the Squeeze-Out are in principle included in the taxable income subject to corporate income tax at the standard rate of 33 1/3%, increased, as the case may be, by (i) the social contribution of 3.3% (Article 235 ter ZC of the FTC), which is based on the amount of corporate tax reduced by a discount that cannot exceed EUR763,000 per twelve-month period and (ii) for companies with revenues above EUR250,000,000, an exceptional contribution of 10.7% (Article 235 ter ZAA of the FTC) based on the corporate tax as determined before the attribution of reductions, tax credits and tax receivables of any nature. Lower rates apply under certain conditions to small companies.

Notwithstanding the above, the capital gain realized upon the transfer of Lafarge Shares in the context of the Squeeze-Out may however be exempt from taxation (specific long term capital gains regime) under the provisions of article 219 I-a quinquies of the FTC if the shares being sold qualify as equity investment (*titres de participation*) within the meaning of 219-I a quinquies of the FTC, held for at least two (2) years. A share of expenses and charges representing 12% of the gross amount of capital gain, must however, be included in the taxable income of the legal entity transferring the Lafarge Shares, which is subject to the standard rate of corporate income tax, and applicable surtaxes, as described hereinabove.

Equity investment within the meaning of article 219-I a quinquies of the FTC includes shares which qualify and are booked as such for accounting purposes, as well as, under certain conditions, shares acquired by the initiator of a public tender offer or a public exchange offer, and securities eligible for the parent-subsidiary regime referred to in articles 145 and 216 of the FTC, with the exception of securities issued by real estate companies.

Long-term capital losses on the transfer of Lafarge Shares cannot be offset against long-term capital gains and cannot be carried forward.

- (c) Non-residents for French tax purposes

Subject to applicable provisions of international tax treaties, the capital gains derived from the transfer of Lafarge Shares in the context of the Squeeze-Out by persons (i) who are not fiscal residents of France as defined by article 4B of the FTC or whose registered office is situated outside of France, (ii) who have not acquired such shares pursuant to an employee incentive plan (e.g. stock option plan, share performance plan, share acquisition plan), (iii) who do not hold their Lafarge Shares in connection with a French fixed base or permanent establishment, and (iv) who have not, at any moment during the course of the five years preceding the transfer, held, directly or indirectly, alone or with members of their family, an interest representing more than 25% in the rights to Lafarge's profits, are, in principle, not subject to French taxes (articles 244 bis B and C of the FTC), except if the capital gains are recognized by persons or organizations residing, established or

constituted outside of France and in a non-cooperative state or territory ("**NCST**") within the meaning of Article 238-0 A of the FTC. In the latter case, regardless of the magnitude of the interest held in the rights to Lafarge's profits, capital gains are taxed at a 75% flat rate. The list of non-cooperative States or territories is published by ministerial decree and updated yearly.

Persons who do not fulfil the condition of exemption should consult their usual tax advisor.

(d) Other shareholders

Holders of Lafarge Shares who are subject to a tax regime other than one of those described above, in particular taxpayers who are not holding their Lafarge Shares as part of their private estate or who trade on the markets on a usual basis, should contact their usual tax advisor to get informed about the tax regime that applies to their own situation with respect to the Squeeze-Out.

3 Specific Information Concerning Lafarge

3.1 Company's Share Capital Structure and Ownership

As of 10 September 2015, the share capital of Lafarge amounted to EUR1,154,022,156 and was divided into 288,505,539 ordinary shares of EUR 4 par value, fully paid up and all of the same class, and the number of voting rights was 290,349,185 (including 68,082 relating to treasury shares that are temporarily deprived of voting rights).

Double voting rights are attached to fully paid up shares registered for at least two (2) years in the name of the same shareholder.

To the Company's knowledge, as of 10 September 2015, the issued and outstanding shares of Lafarge are held as follows:

Shareholders	Number of shares	Number of voting rights (theoretical)	% of share capital	% of voting rights (theoretical)
LafargeHolcim	278,131,864	278,131,864	96.40	95.79
Other shareholders	10,373,675 ⁶	12,217,321 ⁷	3.60	4.21
Total	288,505,539	290,349,185	100	100

3.2 Restrictions to the Exercise of Voting Rights and Share Transfers

3.2.1 Statutory Restrictions on the Exercise of Voting Rights and Share Transfers

(i) Adjustment of Voting Rights

There are no restrictions on the number of voting rights held by each of the Lafarge shareholders if those rights do not exceed 5% of the voting rights

⁶ Including 68,082 treasury shares.

⁷ Including 1,843,646 double voting rights.

attached to all the shares comprising the Company's share capital. Above this threshold, the number of voting rights is adjusted on the basis of the percentage of the capital represented at the general meeting rounded upwards to the nearest whole unit. This prevents over-representation of a shareholder when participation at a general meeting is low, while ensuring that each of Lafarge shareholders obtains a percentage of voting rights at least equal to his/her stake in the Company's share capital.

Where applicable, the voting rights held directly or indirectly by a shareholder are added to the voting rights belonging to any third party with whom such shareholder is acting in concert, as defined by law.

This adjustment mechanism does not apply when the quorum at the Company's general meeting is greater than two-thirds of the total number of voting rights.

(ii) Notification of Crossing of Ownership Thresholds

In addition to the legal requirement to disclose holdings exceeding certain thresholds, the Company's articles of association provide that any person acting alone or in concert who becomes, directly or indirectly, the owner of 2% or more of the share capital must notify the Company therein. This additional notification requirement is governed by the same provisions that apply to the legal requirement. The Company must be notified, within the time limits provided by law, by registered mail with return receipt requested or by fax or telex, of the number of shares held, indicating whether these are held directly or indirectly and whether the shareholder is acting alone or in concert. The same notification requirement applies to each subsequent increase in ownership of 1%.

Notifications must be made within the same time limits and in the same format for subsequent decreases below the aforementioned thresholds whatever the reason. Notifications must also specify the date on which the threshold was crossed (which corresponds to the date on which the transaction resulting in the crossing of the threshold took place) and the number of shares held giving access to the share capital.

If a person does not comply with this notification requirement, the provisions of the law providing for loss of voting rights apply. If this sanction is not applied automatically, one or more shareholders holding 1 % or more of the Company's share capital or voting rights may require a shareholders' general meeting to strip the shares in excess of the relevant threshold of voting rights. This penalty is irrespective of any legal sanction that may be issued by a court upon the request of the chairman, a shareholder or the AMF.

The Company may at any time request, under the terms and conditions set forth by applicable law, the entity in charge of settlement of securities transactions to identify the holders of securities conferring immediate or future entitlement to voting rights at general meetings and to state the number of securities held by each holder and any restrictions on such securities.

(iii) Share Transfers

The Lafarge shares are freely tradable in accordance with applicable laws and regulations.

3.2.2 Agreements Providing for Preferential Share Transfer Provisions on 0.5% or More of the Share Capital or Voting Rights of Lafarge (article L.233-11 of the French Commercial Code)

To the Company's knowledge, there is no agreement providing for preferential share transfer provisions on 0.5% or more of the share capital or voting right of Lafarge.

3.3 Direct or Indirect Holdings in the Company's Share Capital Disclosed pursuant to the Crossing of a Threshold or a Transaction on Securities

To the Company's knowledge, as of the date of this draft squeeze-out document, the share capital of Lafarge is distributed as described in article 3.1 above.

In accordance with Article L. 233-7 of the French commercial code, Groupe Bruxelles Lambert ("**GBL**") notified on 13 July 2015 to the AMF⁸ and Lafarge the downward crossing, on 10 July 2015, of the thresholds of 25% of the voting rights and 20%, 15%, 10% and 5% of the share capital and voting rights of Lafarge, and that it no longer holds any Lafarge share. These crossings result from the tender of all the Lafarge shares held by GBL to the Offer.

In accordance with Article L. 233-7 of the French commercial code, Mr. Nassef Sawiris notified on 13 July 2015 to the AMF⁹ and Lafarge the downward crossing, on 10 July 2015, of the thresholds of 20% of the voting rights and 15%, 10% and 5% of the share capital and voting rights of Lafarge, and the holding, in concert, of 1,143 Lafarge shares representing 2,286 voting rights, i.e. 0.0004% of the share capital and 0.001% of the voting rights of Lafarge. On that occasion, NNS Holding Sàrl notified the individual downward crossing, on 10 July 2015, of the thresholds of 20% and 15% of the voting rights and 10% and 5% of the share capital and voting rights of Lafarge, and that it no longer holds any Lafarge share on an individual basis. These crossings result from the tender of all the Lafarge shares held by NNS Holding Sàrl to the Offer, and from the adjustment (with a view to converting the underlying in Holcim Ltd shares) of a cash settled share forward transaction entered into by NNS Holding, under which NNS Holding was conferred an economic effect similar to the holding of 6,000,000 Lafarge shares.

In accordance with Article L. 233-7 of the French commercial code, Dodge & Cox, acting on behalf of funds it manages, notified on 17 July 2015 to the AMF¹⁰ and Lafarge the downward crossing, on 13 July 2015, of the thresholds of 5% of the share capital and voting rights of Lafarge, and that it no longer holds any Lafarge share. These crossings result from the tender of all the Lafarge shares held by Dodge & Cox to the Offer.

In accordance with Article L. 233-7 of the French commercial code, LafargeHolcim notified on 15 July 2015 to the AMF¹¹ and Lafarge the upward crossing, on 10 July 2015, of the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 1/3, 50% and 2/3 of the share capital and voting rights of Lafarge and that it holds 252,230,673 Lafarge shares representing the same number of voting rights, i.e. 87.45% of the share capital and 84.59% of the voting rights of Lafarge. These crossings result from the acquisition of Lafarge shares by LafargeHolcim as a result of the Offer.

In accordance with Article L. 233-7 of the French commercial code, LafargeHolcim notified on 5 August 2015 to the AMF¹² and Lafarge the upward crossing, on 4 August 2015, of the

⁸ D&I215C1034 dated 15 July 2015.

⁹ D&I215C1043 dated 15 July 2015.

¹⁰ D&I215C1077 dated 17 July 2015.

¹¹ D&I215C1046 dated 15 July 2015.

¹² D&I215C1189 dated 5 August 2015.

thresholds of 90% and 95% of the share capital and voting rights of Lafarge and that it holds 278,131,864 Lafarge shares representing the same number of voting rights, i.e. 96.41% of the share capital and 95.35% of the voting rights of Lafarge. These crossings result from the acquisition of Lafarge shares by LafargeHolcim as a result of the Offer.

3.4 List of Holders of any Securities Carrying Special Control Rights and a Description of such Rights

None.

3.5 Control Mechanism Provided for in an Eventual Employee Participation Scheme, when Control Rights are not Exercised by the Latter

The supervisory board of the FCPE LafargeHolcim (formerly FCPE Lafarge 2000) decided on 8 June 2015 to tender its Lafarge Shares to the Offer and, as a result, no longer holds any Lafarge Shares since the completion of the Offer.

3.6 Agreements between Shareholders Known to the Company and which Entail Restrictions on Share Transfers and the Exercise of Voting Rights

To the Company's knowledge, there is no agreement between shareholders which may entail restrictions on share transfers and the exercise of voting rights.

3.7 Rules Applicable to the Appointment and Replacement of the Members of the Board of Directors, as well as to the Amendment of the Articles of Association of the Company

3.7.1 Rules Applicable to the Appointment and Replacement of the Directors

Pursuant to article 14 of the articles of association of the Company, the Company shall be managed by a board of directors composed of the minimum number of directors authorised by the law and not exceeding eighteen directors appointed by the general meeting of shareholders and chosen from among their number.

The number of directors over 70 years of age may not exceed one third of directors in office. Furthermore, directors may not be more than 73 years of age.

Directors taking office or renewed in office shall be appointed for a term of office of 4 years. Their term of office shall expire at the end of the ordinary general meeting of shareholders held to approve the financial statements for the preceding financial year that is held in the year during which such director's office would normally expire or in which such director reaches the age limit established above.

Directors may be re-elected. They may be dismissed at any time by the general meeting of shareholders.

Subject to the maximum number of directors authorized by the articles of association, the board shall have the power, in accordance with applicable law, to replace directors whose seats fall vacant during their term of office; appointments so made shall be submitted for ratification to the next ordinary meeting. A director appointed to replace a director whose term of office has not expired shall only hold office for the remainder of his predecessor's term.

In addition to the directors appointed by the general shareholders' meeting and to the extent that the applicable legal provisions in relation to directors representing employees apply to the Company, the board of directors also includes:

- a director representing the employees, appointed by the workers' council of Lafarge;
- a second director representing the employees, appointed by the European workers' council, provided that, and for as long as, the board of directors includes more than 12 members appointed by the general shareholders' meeting. Should the number of directors on the board appointed by the general meeting fall to 12 or under, the second director representing the employees will complete his/her mandate, but no new appointment will follow if the composition of the board remains the same at said date.

The length of the mandate of a director representing the employees is fixed at four years from his/her appointment. Should a position of director representing the employees become vacant – for whatever reason – the replacement director, appointed by the workers' council of Lafarge – or the European workers' council if applicable – will remain in office until the end of his/her predecessor's mandate. The board of directors may meet and issue valid resolutions until a replacement director is appointed.

Several provisions of the articles of association regarding the directors appointed by the general meeting are not applicable to the directors representing employees, such as the provisions on the age limit of the directors or the obligation to hold a minimum number of the Company's shares.

The board of directors elects a chairman from among its members. The chairman of the board must not be over 65 years of age. The chairman automatically ceases to perform his/her duties on December 31 of the year in which he/she reaches the age of 65 unless the board of directors decides as an exceptional measure to extend the term of office of the chairman beyond the aforementioned age limit for successive one-year periods provided that his/her term of office as director continues for such periods. In this case, the term of office of the chairman of the board expires definitively on December 31 of the year in which he/she reaches the age of 67.

3.7.2 Rules Applicable to Amendments of the Articles of Association of the Company

The extraordinary general meeting validly deliberates on any amendments to the articles of association for which approval by the extraordinary general meeting is required by applicable law.

A quorum for extraordinary general meetings is met only if the shareholders present, deemed present or represented at a meeting called pursuant to the first notice, hold 25% of the shares with voting rights, or hold 20% of the shares with voting rights at a meeting called on second notice. If the quorum is not met pursuant to the second notice, the meeting is to be postponed to a date no later than 2 months after the date for which it had been called.

Resolutions at an extraordinary general meeting are passed by a two-thirds majority of the votes cast by the shareholders present, deemed present or represented.

3.8 Powers of the Board of Directors relating in particular to the Issuance and Repurchase of Shares

Apart from the general powers according to the board of directors by law and by the articles of association of the Company, the board of directors of the Company has been

granted the following authorization by the shareholders general meeting held on May 7, 2015:

Type of authorisation to be voted upon	Maximum amounts	Expiration date
Authorisation to the Company to buy and sell its own shares (10 th resolution)	Up to 5% of the share capital Up to EUR500 million Maximum purchase price per share: EUR100	7 November 2016
Delegation of authority to the board of directors to issue shares and securities entailing a capital increase, with preferential subscription rights (13 th resolution)	EUR560 million ¹³ (nominal value)	7 July 2017
Delegation of authority to the board of directors to issue shares and securities entailing a capital increase, with cancellation of the preferential subscription right of the shareholders (14 th resolution)	EUR112 million ¹⁴ (nominal value)	7 July 2017
Delegation of authority to the board of directors to issue shares and securities entailing a capital increase in an offer covered by article L.411-2, II of the French Monetary and Financial Code, with cancellation of the preferential subscription right of the shareholders (15 th resolution)	EUR112 million ¹⁵ (nominal value)	7 July 2017

¹³ Overall ceiling for the 13th, 14th, 15th, 16th, 17th, 18th, 22nd and 23rd resolutions.

¹⁴ To be counted towards the overall ceiling set forth in the 13th resolution.

¹⁵ To be counted towards the overall ceiling set forth in the 13th resolution and the ceiling set forth in the 14th resolution.

Delegation of authority to the board of directors to issue shares and securities entailing a capital increase as payment for contributions in kind (16 th resolution)	EUR112 million ¹⁶ (nominal value)	7 July 2017
Delegation of authority to the board of directors to increase the number of securities to be issued in case of a capital increase with or without preferential subscription rights (17 th resolution)	Up to the amount applicable to the initial issue and to be applied against the cap set forth in the 14 th and/or the 13 th resolution	7 July 2017
Delegation of authority to the board of directors to increase the capital by incorporation of premiums, reserves, profits or other items (18 th resolution)	EUR100 million ¹⁷ (nominal value)	7 July 2017
Authorisation to the board of directors to reduce the share capital through cancellation of treasury shares (19 th resolution)	Up to 10% of the share capital over a 24-month period	7 July 2017
Authorisation to the board of directors to allot free existing or new shares, with cancellation of the preferential subscription right of the shareholders (20 th resolution)	1% of the share capital (on grant date)	7 July 2017
Authorisation to the board of directors to grant options to subscribe for or purchase shares, with cancellation of the preferential subscription right of the shareholders (21 st resolution)	1% of the share capital (on grant date)	7 July 2017

¹⁶ See footnote 15.

¹⁷ See footnote **Error! Bookmark not defined..**

Delegation of authority to the board of directors to issue shares and/or securities entailing a capital increase reserved for members of employee savings plans, with cancellation of the preferential subscription rights of the shareholders (22 nd resolution)	EUR50 million ¹⁸ (nominal value)	7 July 2017
Delegation of authority to the board of directors to issue shares and/or securities entailing a capital increase reserved for a category of beneficiaries as part of a transaction reserved for employees, with cancellation of the preferential subscription rights of the shareholders (23 rd resolution)	EUR50 million ¹⁹ (nominal value)	7 November 2016

3.9 **Agreements Entered into by the Company which will be Amended or Terminated in the Event of a Change of Control of the Company**

The squeeze-out procedure will not result in a change of control of the Company.

3.10 **Agreements Providing for Indemnity to the Chief Executive Officer, to the Members of the Board of Director or to Employees if they Resign or are Dismissed without Just or Serious Ground or if their Employment Ceases because of the Squeeze-Out**

None.

4 **Assessment of the Cash Indemnification of the Squeeze-Out**

Société Générale and UBS Securities, together acting as the presenting banks for the Squeeze-Out, have produced a valuation report on the Lafarge Shares to the attention of the LafargeHolcim Board of Directors. This valuation report was also analysed and commented by Accuracy, appointed by the Lafarge Board of Directors as independent expert for the operation. The independent expert's opinion is included in section 5 of this document.

The appraisal by the presenting banks of the cash indemnification proposed under the Squeeze-Out (the “**Indemnification**”) has been summarized hereafter. The Indemnification has been set at €60.0 per Lafarge Share (dividend attached).

¹⁸ Common ceiling for the 22nd and the 23rd resolutions; to be counted towards the overall ceiling set forth in the 13th resolution.

¹⁹ See footnote 18.

The analysis of the financial terms of the Squeeze-Out has been performed through a multi-criteria approach based on commonly used valuation methods, taking into account the specificities of Lafarge, its size and its activity. This analysis has been underpinned by (i) information provided by Lafarge and public information available (including the Lafarge 2014 annual report published on 23 March 2015 and the Lafarge half-year 2015 financial interim report published on 29 July 2015), (ii) the Lafarge business plan (provided by Lafarge), (iii) the synergies business plan related to the combination with the Holcim Group (provided by Lafarge) and (iv) discussions held with Lafarge.

It was not the aim of Société Générale and UBS Securities to validate this information nor to verify or evaluate the assets and liabilities of Lafarge.

The elements provided to appraise the cash Indemnification have been prepared as of 25 August 2015.

4.1 Financial information

4.1.1 Financials

The business plan used to appraise the cash Indemnification has been based on the two business plans provided by Lafarge (i) for Lafarge standalone and (ii) for the synergies related to the combination with the Holcim Group.

The Lafarge standalone business plan is based on the perimeter excluding the contribution from the assets that Lafarge committed to divest in connection with the merger (and already accounted for as "assets held for sale" in the half-year 2015 financial interim report) and which mainly encompasses (i) assets to be divested to the CRH Group, (ii) businesses to be divested in the US and (iii) businesses to be divested in India. The combination with the Holcim Group has also triggered subsequent mandatory tender offers on some subsidiaries, notably in China, now fully consolidated in the business plan that has been provided.

- The Lafarge standalone business plan was elaborated in July 2015 and takes into account the update of the year-end 2015 forecasts. This business plan forecasting period is 2015-2020 and is based on a capital expenditure programme aiming at improving Lafarge market positioning while ensuring the maintenance of a growing asset base.
- Evolution of key metrics includes revenue increasing by 9% CAGR over the period, EBITDA margin rising from c.20% in 2015 to c.25% in 2020 and capital expenditures (including sustaining/productivity capex and development/external growth capex) representing c.9% on average over the period.

With respect to the synergies, Lafarge provided a detailed synergies business plan of the combined entity LafargeHolcim including the breakdown by nature and geography of operational synergies, which amount is in line with data publicly made available by Holcim and Lafarge.

- The synergies assessment has been jointly performed by external experts and operational teams from Lafarge and Holcim (prior to the combination) for the 2015-2018 period.
- It is based on a detailed review of revenues and costs synergies. Four categories of synergies have been identified: (i) revenue synergies related to new products, new offering capabilities and new business development opportunities; (ii) costs synergies on procurement; (iii) cost synergies

related to sharing best-practices and improving operational excellence across the combined group and (iv) costs synergies related to savings on selling, general and administrative expenses.

- Overall the synergies run-rate level is expected to be reached in 2018. Implementation of these synergies would require a financial effort (expense and investment) representing an amount of EUR 1.0 billion equally spread over two years post merger.
- In order to reflect the intrinsic risk related to the implementation of synergies, the presenting banks have retained to include 75% of the synergies included in the synergies business plan in the present analysis. Lafarge's share of synergies has been based on the exchange ratio of the Offer.

4.1.2 Enterprise value to equity value bridge

Adjustments from the enterprise value to equity value retained as of 25 August 2015 are based on the financial information provided by Lafarge as well as on the publicly available financial statements as of 30 June 2015.

In addition to gross financial debt (adjusted for post half-year 2015 financial interim results changes of perimeter and booked at market value) net of cash and cash equivalents (adjusted for the cash outflow expected from the changes in perimeter and not included in the half-year 2015 financial interim results) – together the net financial debt – items for the bridge from enterprise value to equity value include the following other non-operating balance sheet items: minority interests (adjusted for changes in perimeter post half-year 2015 financial interim results and retained at market value for listed entities), post-tax pension provisions (the statutory tax rate has been retained for this adjustment), associates (adjusted for post half-year 2015 financial interim results changes of perimeter and retained at market value for listed entities) and other financial assets and specific provisions.

€m	
Adjusted net financial debt as of 30 June 2015	13,418
Minority interests	2,544
Post-tax pension provision	886
Associates and other financial assets	(6,497)
Other adjustments (provisions)	208
Adjusted Net Debt / (Cash) of	10,559

Note: Adjusted net financial debt including net financial debt published by Lafarge as of 30 June 2015 of €10,333m.

4.1.3 Number of shares retained

Methodology

The number of Lafarge Shares retained corresponds to the total number of shares issued, as communicated by Lafarge, decreased by the number of treasury shares and increased by the number of shares to be issued by the exercise of share subscription options in the money calculated according to the “treasury stock method” on the basis of a reference price per share as of 25 August 2015.

Numbers of Shares retained are based on the latest financial statements published by Lafarge.

Number of Lafarge Shares retained

<i>As of 25 August 2015</i>	
Total number of shares outstanding	288,505,539
Impact of dilutive instruments*	1,412,877
Treasury shares	(68,082)
Number of shares retained	289,850,334

*Shares to be issued by the exercise of share subscription options on the basis of the reference price as of 25 August 2015

4.2 Selected Methodologies for the Assessment of the cash indemnification proposed under the Squeeze-Out

The valuation of Lafarge has been performed based on a multi-criteria approach, for which four main methodologies have been retained:

- Analysis of historical share prices;
- Analysis of historical share prices and target prices by transparency resulting from the application of the exchange ratio of the Offer;
- Discounted cash flows analysis;
- Analysis of trading comparable companies.

The valuation date retained by the presenting banks for the present analysis has been set as of 25 August 2015.

4.2.1 Analysis of historical share prices

Lafarge Shares are listed on Compartment A of Euronext Paris (ISIN code: FR0000120537). Lafarge maintains a sponsored American Depositary Receipts (“**ADR**”) program, and the ADRs continue to be traded on the OTC market (Level 1 program).

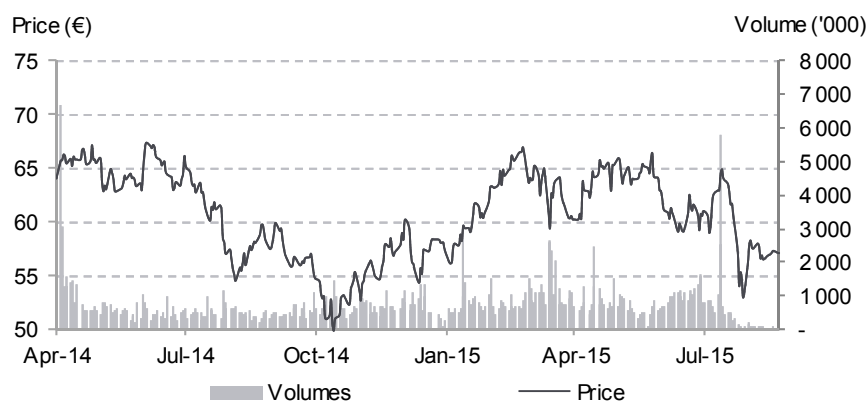
Since 4 April 2014 and the announcement of the intended merger between Holcim and Lafarge, and until the closing of the re-opening period of the Offer on 28 July 2015, the share price of Lafarge has been highly correlated to the share price of LafargeHolcim, reflecting the announced exchange parity and subsequent evolution.

Since the closing of the Offer, the trading volumes of the Lafarge Share have significantly decreased given the reduced free float to 3.56% of Lafarge Share capital. However, Lafarge Shares continue to show some liquidity with a free float rotation in line with historical average of c. 250 days. The reference to a recent date has been retained to reflect the integration by the market of the half-year 2015 financial interim results released on 29 July 2015. We note in addition that the Lafarge share price has been relatively immune to the recent financial markets turmoil observed following the Chinese Yuan's devaluation in August 2015.

The Indemnification was assessed on the back of historical share price as of 25 August 2015, date as of which, Lafarge market capitalisation amounted to €16.6 billion, the latest share prices representing in addition the value of immediate monetization for Lafarge shareholders. The table below summarized the premia represented by the Indemnification:

Lafarge VWAP	(€)	Resulting Premium (Discount)
Spot as of 25 August 2015	57.1	5.1%
1-month VWAP	56.5	6.2%
3-month VWAP	61.5	(2.5%)
6-month VWAP	62.7	(4.2%)
12-month VWAP	60.4	(0.7%)
12-month VWAP - low	49.8	20.4%
12-month VWAP - high	67.0	(10.4%)

The graph below shows the evolution of Lafarge share price since 4 April 2014, the day of announcement of the intended merger between Holcim and Lafarge:



The Indemnification represents a discount or a premium ranging from -10.4% to +20.4% compared to the share prices implied by this methodology.

4.2.2 Analysis of historical share prices and target prices by “transparency” resulting from the application of the exchange ratio defined during the Offer initiated by LafargeHolcim

This approach consists in analysing “by transparency” the valuation of Lafarge Share resulting from the application of the exchange parity of the Offer of nine (9) LafargeHolcim Shares for ten (10) Lafarge Shares to a selection of references for LafargeHolcim value per share. This methodology provides a benchmark of the valuation obtained by Lafarge shareholders who have tendered their shares during the Offer.

In the present analysis, we have retained as references (i) LafargeHolcim's share price and (ii) the target prices of a selection of research analysts covering LafargeHolcim.

- Different periods of time have been retained for the analysis of the Lafarge share price by “transparency” and cover various periods from 25 August 2015 back to 20 March 2015 (day of the announcement of the amendment of the combination agreement). The period from 1 June 2015 (opening of the Offer) until 28 July 2015 (closing of the re-opened Offer) has notably been analysed.

	VWAP Holcim (CHF)	Spot / average FX	VWAP Holcim (€)	VWAP Lafarge (by transparency) (€)	Implied Premium / (Discount)
As of 25 August 2015					
Spot	60.2	0.92	55.6	50.0	19.9%
1 month	65.6	0.93	61.1	55.0	9.2%
3 months	70.4	0.95	66.8	60.1	(0.2%)
From 1 June to 28 July 2015	72.4	0.96	69.2	62.2	(3.5%)
From 20 March to 25 August 2015	71.9	0.95	68.6	61.7	(2.8%)

- A selection of research analysts covering LafargeHolcim has been retained for the analysis of Lafarge target price by “transparency”. The table below

presents (i) the target prices for LafargeHolcim as of 25 August 2015, published by research analysts having updated their target prices post half-year 2015 financial interim results and (ii) the resulting Lafarge target price by “transparency” by application of the parity of the Offer. Given the analysts’ target prices represent a 12 month objective of the share price, the resulting value of Lafarge Share has been discounted to its present value as of the valuation date, using Lafarge’s cost of equity derived by the capital asset pricing model (estimated at 12.5%).

Broker	Date	Recommendation	LafargeHolcim			Implied Lafarge share price		Implied Premium/(Discount)	
			Target price (CHF)	Spot / average FX	Target price (EUR)	Not discounted¹	Discounted²	Not discounted¹	Discounted²
Credit Suisse	24-Aug-15	Overweight	80.0	0.92	73.8	66.4	59.0	(9.7%)	1.6%
Baader - Helvea	19-Aug-15	Hold	69.0	0.93	64.2	57.8	51.4	3.8%	16.7%
Bank Vontobel	14-Aug-15	Buy	83.0	0.92	76.5	68.8	61.2	(12.8%)	(1.9%)
UBS	14-Aug-15	Hold	73.0	0.92	67.3	60.5	53.8	(0.9%)	11.5%
JP Morgan	05-Aug-15	Overweight	79.0	0.94	74.1	66.6	59.2	(10.0%)	1.3%
Goldman Sachs	03-Aug-15	Neutral	74.8	0.94	70.5	63.4	56.4	(5.4%)	6.4%
Mainfirst Bank AG	31-Jul-15	Buy	82.0	0.94	77.2	69.5	61.8	(13.7%)	(2.9%)
Kepler Cheuvreux	31-Jul-15	Buy	78.0	0.94	73.5	66.1	58.8	(9.2%)	2.1%
Morningstar	29-Jul-15	Buy	84.0	0.94	79.1	71.2	63.2	(15.7%)	(5.1%)
Natixis	29-Jul-15	Buy	91.0	0.94	85.7	77.1	68.5	(22.2%)	(12.4%)
Deutsche Bank	29-Jul-15	Buy	87.3	0.94	82.2	74.0	65.7	(18.9%)	(8.7%)
CM CIC Securities	29-Jul-15	Overweight	86.6	0.94	81.5	73.4	65.2	(18.2%)	(8.0%)
Oddo Securities	29-Jul-15	Buy	95.0	0.94	89.4	80.5	71.5	(25.5%)	(16.1%)
Average			81.7		76.5	68.9	61.2	(12.9%)	(2.0%)
Median			82.0		76.5	68.8	61.2	(12.8%)	(1.9%)
Min			69.0		64.2	57.8	51.4	3.8%	16.7%
Max			95.0		89.4	80.5	71.5	(25.5%)	(16.1%)

Notes: (1) Share price implied by an exchange ratio of 9 LafargeHolcim Shares for 10 Lafarge Shares (2) Discounted target price at Lafarge cost of equity of 12.5%, providing the present value of the 12 month target price.

The Indemnification represents a discount or a premium ranging from -12.9% to +19.9% compared to the share prices implied by this methodology.

4.2.3 Discounted cash flows analysis

This approach consists in discounting future cash flows available before financial expenses (free cash-flows) generated by Lafarge, taking into account the medium to long term performances. This methodology implies modelling and discounting all future cash flows available to Lafarge shareholders and debt holders.

The discounted cash flow analysis has been performed based on:

- Lafarge business plan including synergies as defined in paragraph 4.1.1;
- Weighted average cost of capital (“WACC”) of 8.7% ;
- Adjusted net debt (see section 4.1.2 “Enterprise value to equity value bridge”) as of 30 June 2015

The terminal value is based on a 2020 normative cash flow estimated as follows:

- EBITDA margin (excluding synergies) in line with the five-year average of the Lafarge standalone business plan
- EBITDA in the terminal value including 25% of run-rate synergies, which approximately corresponds to the presenting banks assumption of a 10 year phasing down of synergies after 2020
- Normative capital expenditures corresponding to the level of capex needed to maintain the asset base, taking into account the investments realised over the business plan horizon (slightly lower than the last year of the plan);
- Net working capital as a percentage of sales kept in line with the last year of the business plan;

- The assumption was made that the depreciation level tends towards 95% of normative capital expenditures;
- Perpetuity growth rate of 2%.

The free cash-flows have been discounted as of 30 June 2015.

The Indemnification represents a discount of 0.5% compared to the share price implied by this methodology .

4.2.4 Analysis of trading comparable companies

This approach consists in applying to Lafarge's financial aggregates, the multiples observed for the comparable peers of Lafarge in terms of activity, markets and size.

This methodology has been considered given the existence of a sufficient number of comparable peers despite some differences in terms of business models, positioning and sizes.

We have retained EBITDA as the most relevant metric given that it limits the impact of distortions arising from different depreciation policies between the companies in the sample. We have applied the average multiple of the comparable companies to the Lafarge EBITDA related to the same period (based on Lafarge business plan and adjusted for run-rate synergies as included in the terminal value of the combined DCF). For this analysis, it has been decided to apply the average multiple related to current year (2015).

Peers' enterprise value to equity value bridges include the same elements as those retained for Lafarge (net deferred tax assets being consistently treated across the peer universe given similar relative contribution to enterprise value).

The sample of comparable peers includes companies exposed to similar underlying markets. It is composed of mainly cement players with a global or multi-regional presence:

- HeidelbergCement: Leading German cement producer with a presence in 40 countries. The group also operates in the aggregate segment. The company generated in 2014 sales of €12,614m mainly in Western and Northern Europe (34% of sales) and in North America (25% of sales). The 2014 EBITDA margin was 18.1%;
- Cemex: Major player in building materials (cement, ready-mix concrete and aggregates), with a presence in more than 50 countries across 55 cement plants and minority stakes in 12 other cement plants. The company generated sales of €13,766m in 2014 mainly in the USA (24% of sales), Mexico (20% of sales) and Europe (27% of sales). The 2014 EBITDA margin reached 17.4%;
- Vicat: Cement player with strong research and development activities. While mastering the manufacturing process, the company is specialised in construction works requiring highly technical cements. The company generated sales of €2,423m in 2014 mainly in Europe (52% of sales), Asia (22% of sales), and in Africa and Middle East (16% of sales). The 2014 EBITDA margin reached 18.2%;
- Buzzi Unicem: Specialised player in cement and cement derivatives, ready-mix concrete and expanded clay aggregate. In 2014, the company sold 27.4 million tons of cement and 13 million cubic meters of ready-mix

concrete, generating sales of €2,506m. 34% of the company's sales were generated in the USA, 50% in Europe and 16% in Italy. The EBITDA margin reached 16.9% in 2014;

- Titan Cement: Specialised player in cement and cement derivatives headquartered in Greece. In 2014, sales amounted to €1,158m mainly generated in North America with 40% of total revenue, 25% in Greece and Western Europe, 18% in South East Europe. The 2014 EBITDA margin was 15.7%.

Some other cement companies have not been retained primarily due to their characteristics in terms of geographic location, size or activity.

The trading multiples retained to value Lafarge are based on the ratio of the enterprise value and the EBITDA (EV / EBITDA). The applied values correspond to the average of the comparable companies multiples. As of 25 August 2015, retained comparable multiples are the following:

Company	Country	Market cap.	Enterprise value	EBITDA multiple
		(EURm)	(EURm)	2015E
HeidelbergCement	Germany	12,446	20,784	8.0x
Cemex	Mexico	9,100	24,331	9.7x
Vicat	France	2,570	4,107	8.4x
Buzzi Unicem	Italy	2,838	3,970	8.8x
Titan Cement	Greece	1,711	2,429	10.6x
Average				9.1x
Median				8.8x

The Indemnification represents a premium of 19.7% compared to the share price implied by this methodology.

Although a useful valuation reference, the analysis of trading comparables is subject to the following limitation in the context of the present analysis: (i) by construction, peers multiple do not reflect the potential of growth and value creation resulting from the merger of Lafarge and Holcim but only a sector average valuation and (ii) recent market volatility has somehow undermined the relevance of this methodology, based on spot prices, notably when it comes to assess the intrinsic potential of Lafarge.

4.3 Reference presented for information purposes

4.3.1 Net asset value approach

As of 30 June 2015, the net asset value amounts to:

- €15,132 million or €52.2 per share, based on the half-year 2015 financial interim results

The net asset value of Lafarge does not include the fair value of its participations; it only reflects historical valuations and thus does not capture the full value of the Company. In particular, this reference does take into account the future performance of the Company.

The Indemnification represents a premium of 14.9% compared to the share price implied by this methodology.

4.4 excluded methodologies

4.4.1 Comparable transaction multiples approach

This approach consists in applying the average valuation multiples of a sample of recent transactions in the sector.

This methodology encompasses issues in the selection of relevant transactions:

- The price paid for a transaction may reflect a strategic interest specific to a buyer or may include a premium reflecting industrial synergies which vary from one transaction to another;
- This methodology depends on the quality and reliability of the information available for selected transactions (depending on the status of the companies acquired - listed, private, subsidiaries of a group - and confidentiality level of the transactions);
- This methodology assumes that the targets of the transactions selected in the sample are entirely comparable to the company being valued (in terms of size, positioning, geographical presence, growth prospects, profitability, etc.).

This approach has been excluded due to the lack of relevant, recent and documented comparable transactions, notably in terms of profitability, growth, strategic positioning, business model or client portfolios.

4.4.2 Adjusted net asset value approach

The adjusted net asset value is the net asset value of a company adjusted for unrealised gains and losses identified in assets, liabilities or off balance sheet commitments.

This approach, usually used for the valuation of portfolio companies with minority financial holdings, has been excluded since the assets of Lafarge are mainly majority owned operating assets.

4.4.3 Dividend discount model approach

This methodology, which consists in valuing the equity of a company by discounting at the company's cost of equity capital the projected dividends, has been excluded since it mainly depends on the payout ratios decided by the companies' managements.

4.4.4 Analysis of analysts target prices

This method has been excluded given the very limited number of equity research analysts covering the stock, as observed notably after the release of Lafarge's half-year 2015 financial interim results, the vast majority having dropped the coverage of Lafarge after the success of the Offer. It is however important to note that an analysis of the target price of Lafarge by "transparency" based the target prices of LafargeHolcim is presented here above in the retained valuation methodologies to appraise the Indemnification.

4.5 Summary of the Assessment of the cash indemnification proposed under the Squeeze-Out

The Indemnification compares as follows to the results presented above:

Criteria	Lafarge implied share price (EUR)	Resulting Premium (Discount)
Share price - as of 25 August 2015		
Spot as of 25 August 2015	57.1	5.1%
1-month VWAP	56.5	6.2%
3-month VWAP	61.5	(2.5%)
6-month VWAP	62.7	(4.2%)
12-month VWAP	60.4	(0.7%)
12-month VWAP - low	49.8	20.4%
12-month VWAP - high	67.0	(10.4%)
Share price by transparency - as of 25 August 2015		
Spot as of 25 August 2015	50.0	19.9%
1 month	55.0	9.2%
3 months	60.1	(0.2%)
From 1 June to 28 July 2015	62.2	(3.5%)
From 20 March to 25 August 2015	61.7	(2.8%)
Target price by transparency - as of 25 August 2015		
Target price average - not discounted	68.9	(12.9%)
Target price average - discounted	61.2	(2.0%)
Discounted Cash Flows - as of 30 June 2015		
Central Case	60.3	(0.5%)
Trading comparables - as of 25 August 2015		
EV/ EBITDA 15E	50.1	19.7%

Exchange Option

Based on (i) the exchange ratio of nine (9) LafargeHolcim Shares for ten (10) Lafarge Shares adjusted for the scrip dividend of one (1) new LafargeHolcim Share for twenty (20) existing LafargeHolcim Shares, (i.e. nine point forty-five (9.45) LafargeHolcim Shares for ten (10) Lafarge Shares) and (ii) LafargeHolcim Share price of CHF60.2 as of 25 August 2015, the Exchange Option represents a discount of 12% compared to the Indemnification.

5 Independent Expert's Opinion (Article 261-1 II of the AMF General Regulations)

Independent valuation in connection with the squeeze-out procedure initiated by LafargeHolcim for Lafarge shares

Lafarge is a world leader in the manufacture and distribution of building materials (cement, aggregates and concrete). The company is listed on Euronext Paris (Compartment A) and had a market capitalisation of around €17 billion in the first quarter of 2015. The Lafarge group reported sales of around €12.8 billion in 2014.

Holcim is based in Switzerland and is also a top-ranking player in its industry. The company is listed on Zurich's SIX market and had a market capitalisation of around CHF 24 billion in the first quarter of 2015. Its sales in 2014 were around €19.1 billion.

On 7 April 2014, Lafarge and Holcim announced their intention to combine their businesses in a "merger of equals", creating the most advanced group in the industry, with a global footprint for all of their businesses.

This friendly transaction was structured as a public exchange offer (the "Offer") launched by Holcim for Lafarge shares on 1 June 2015, based on a proposed exchange ratio of nine Holcim shares for ten Lafarge shares. Accuracy was contracted as an independent valuation expert by the Lafarge Board of Directors on 17 February 2015 to issue an opinion on the fairness of the Offer's financial terms and conditions.

Upon the closing of the Offer on 3 July 2015, Holcim held 87.46% of Lafarge's capital and at least 83.94% of its voting rights. The offer was later re-opened for some ten trading days and closed again on 28 July. Since that date, Holcim, now known as LafargeHolcim, has held 96.41% of Lafarge's capital and 95.79% of its voting rights. These percentages exceed the 95% threshold required by stock market regulations to request the launch of a squeeze-out procedure (*procédure de retrait obligatoire*).

In these conditions and in accordance with its intentions as set out in the offering circular, LafargeHolcim (the "Offeror") now plans to call on the French financial markets authority (AMF) to launch a squeeze-out procedure for the shares of Lafarge (the "Target", the "Company", the "Group") which it does not currently hold (the "Transaction"), at a price of €60.0 per share (the "Compensation Price").

According to French regulations resulting from the European Directive on public offers, in the context of the current Transaction (i.e., a public offer fully supported by the shareholders of the target company and whose offeror previously held less than 50% of the company's capital and voting rights), the squeeze-out does not require any additional authorization, if it occurs based on a price or an exchange ratio identical to that proposed within the scope of the Offer. The exchange option proposed by LafargeHolcim with the scope of this Transaction fully meets the aforementioned condition, as the proposed exchange ratio (i.e., 9.45 LafargeHolcim shares for 10 Lafarge shares) corresponds exactly to the ratio used for the Offer after adjusting for the dividend payouts of 10 September 2015 after the completion of the Offer.

However, French stock exchange regulations impose a cash settlement in the event of a squeeze-out (Articles L. 433-4, para. III of the Code Monétaire et Financier and 237-16 of the AMF's General Regulation). Insofar as the Offer did not propose a cash alternative, the squeeze-out is not automatic and must be formally approved by the AMF. More specifically, LafargeHolcim must propose a compensation price to support its squeeze-out request, and Lafarge must appoint an independent valuation expert to obtain an opinion as to the fairness of the conditions of this transaction.

Accuracy was contracted as an independent valuation expert in this context by the Lafarge Board of Directors on 28 July 2015 to issue an opinion on the fairness of the Compensation Price for Lafarge's minority shareholders in accordance with Article 261-1, para. II, of the AMF's General Regulation.

This independent valuation report therefore constitutes a fairness opinion as defined by Article 262-1 of the AMF's General Regulation. The principles governing the preparation of fairness opinions are detailed in implementing instruction no. 2006-08 of 25 July 2006 and in a recommendation on independent financial valuations dated 28 September 2006 and subsequently amended on 19 October 2006 and 27 July 2010. Our valuation assignment is performed solely for this purpose and not for any other purpose based on laws or regulations outside France.

In accordance with the terms of Accuracy's assignment, as noted above, insofar as the expropriation of Lafarge's minority shareholders may take place solely on the basis of the Compensation Price, this report will not give an opinion on the merits, for Lafarge's minority shareholders, of the exchange offer proposed by LafargeHolcim in connection with this Transaction.

The report is divided into five sections. Section one provides a brief overview of Accuracy and the valuation assignments performed over the last 24 months, along with a statement of independence and a description of the procedures performed for the purpose of the current assignment. Section two describes the context of the Transaction setting out the financial characteristics of the Company and the stock market performance of Lafarge and

LafargeHolcim shares, and defining the conditions to be fulfilled to assess the fairness of the Transaction. Section three details the valuation work performed in order to estimate the value of Lafarge shares in strict compliance with the multi-criteria approach recommended by the AMF in such situations. Section four sets out our comments on the valuation report prepared by Société Générale and UBS, the banks submitting the Offer (the "Banks"). The fifth and final section presents our conclusion as to the fairness of the Compensation Price for Lafarge's minority shareholders.

1. Presentation of Accuracy and main procedures performed

1.1. Presentation of Accuracy

Accuracy is a financial consultancy wholly owned by its Partners that has offices in Europe, North America and India. Accuracy offers a broad spectrum of bespoke corporate finance solutions in the following five areas: transaction support & advisory; litigation support; corporate recovery services; business analysis; and valuations.

Accuracy's team of more than 240 consultants (including over 100 based in Paris) have extensive expertise in business and company valuations and in valuing complex financial instruments such as management packages, options and preferred shares.

The table below shows the independent valuation assignments performed regarding listed companies over the past 24 months.

Fairness opinions performed by Accuracy since August 2013

Date	Target compan	Bidder	Operation	Presenting bank
Apr-15	Lafarge	<i>Holcim</i>	Public exchange offer	Société générale, UBS
Nov-14	Rocamat	<i>Rocafin, Rocafin II, Rocafin III</i>	Takeover bid followed by a squeeze-out bid	Oddo & Cie
Dec-13	Lafuma	<i>Calida</i>	Reserved capital increase	Gilbert Dupont

Accuracy is not a member of either of the professional associations of independent valuation experts recognised by the AMF pursuant to Article 263-1 of the AMF's General Regulation, as we consider that our scale, broad-ranging analytical and valuation expertise and the internal procedures put in place are a guarantee of the highest quality and unrivalled independence required by this type of assignment.

1.2. Personnel involved in the assignment

The assignment was carried out by Bruno Husson and Henri Philippe, Partners at Accuracy.

Since the first squeeze-out bid in September 1994, Bruno Husson has been involved in over 90 assignments to assess the fairness of the proposed financial terms and conditions of transactions involving the minority shareholders of a listed company. Bruno graduated from HEC, holds a PhD in Finance and is also Affiliate Professor at HEC Group, where he has taught corporate finance since 1977.

Henri Philippe has over 15 years' experience in financial valuation and has been involved in all of the assignments listed above. He graduated from ESC Bordeaux, holds an MBA from Wake Forest University and a PhD in Finance from Université Paris-Dauphine. He is also a lecturer at HEC Group, Ecole Nationale des Ponts & Chaussées and Université Paris-Dauphine.

In carrying out their work, Bruno Husson and Henri Philippe were assisted by Guillaume Charton, a manager and graduate of HEC with over five years' financial advisory experience, as well as by two consultants.

1.3. Statement of independence

As indicated above, Accuracy recently performed work for Lafarge resulting in the issuance of a fairness opinion dated 15 April 2015 on the financial terms and conditions of the public exchange offer initiated by Holcim (the "April 2015 Report"). The squeeze-out procedure for which we have once again been appointed independent valuation expert by the Lafarge Board of Directors follows on from the Offer, as it was said at that time that such a procedure could be launched.

In this context and in the absence of other information, we reiterate the statement of independence included in our April 2015 Report, pursuant to Article 264-4, para. II, of the AMF's General Regulation.

1.4. Fees

Accuracy's fees for this assignment amount to €230,000 excluding VAT.

1.5. Procedures performed

1.5.1. Work plan

Accuracy performed its work in accordance with the following work plan:

- analyse the context of the Transaction;
- meet with financial managers of Lafarge;
- meet with representatives of Société Générale and UBS, the two banks advising LafargeHolcim;
- update the historical financial analyses prepared in connection with the Offer focusing on the Group as well as on a sample of comparable listed companies, based on recent registration documents (documents de référence) or annual reports;
- analyse the Group's forecast performance (excluding the impact of any synergies), based on the business plan drawn up on a stand-alone basis by Company management for 2015-2020;
- analyse the synergies expected from the merger between Lafarge and Holcim, as modelled by the management of both groups;
- analyse seasonal fluctuations in operating working capital in order to determine an average level of annual working capital for use in analysing the forecast return on assets over the period covered by the business plan;
- analyse the recent stock market performance of Lafarge and LafargeHolcim shares, as well as the extent to which they are covered by financial analysts;
- perform a critical review of the share prices of both Lafarge and LafargeHolcim and the target prices issued by financial analysts used as a basis for the valuation (direct and indirect valuation references);
- value the Lafarge shares factoring in the growth outlook for the business on a stand-alone basis and the portion of synergies attributable to Lafarge shareholders, using a multi-criteria approach that includes the discounted cash flows method (DCF) and the listed peers method;

- for both approaches, perform an in-depth review of the assets and liabilities added to or deducted from the estimated value of the business (or enterprise value) in order to obtain the equity value; in addition, due to the significant changes in scope occurring around 30 June (the valuation date), verify that the forecast inputs considered (free cash flow and operating results) are consistent with the balance sheet items taken into account at the valuation date;
- for the DCF method, perform an in-depth review of the methods used to calculate the terminal value and discount rate applied;
- perform a critical analysis of the valuation report prepared by the Banks in connection with the Transaction;
- prepare this independent valuation report.

Accuracy considers that it performed this assignment in full compliance with the AMF's General Regulation and with its recommendations on independent appraisals.

1.5.2. Timeframe

Our assignment ran from 31 July 2015, the date on which our engagement letter was signed, to 10 September 2015, the date of signature of this report.

1.5.3. Information used

Our work was primarily based on confidential information provided to us by Company management, namely:

- the business plan for the business portfolio on a stand-alone basis for 2015-2020, according to two different scenarios;
- the business plan for the synergies expected from the merger, including the type of synergies, an estimate of the annual amounts involved, and a timeframe for achieving these synergies;
- a pro forma balance sheet at 30 June 2015 based on the same scope as in the business plan (i.e., including the divestments carried out in line with commitments made to competition authorities in the event the Offer were successful, as well as the consolidation of the stake held in China);
- the interim consolidated financial statements at 30 June 2015, which for certain balance sheet items provide more detail than the notes to the published consolidated financial statements;
- certain additional financial information designed mainly to give a more accurate estimate of the value of minority interests and associates;
- monthly operating working capital monitoring reports ("Strict Working Capital") in order to determine the average level of working capital for the year;
- details of transaction prices applied and/or estimated when divesting industrial assets based on commitments made to competition authorities.

We also based our work on information available to the public, including:

- Company press releases relating to the Transaction;
- Company annual reports and the interim report at 30 June 2015, along with annual and interim reports for the main industry players;
- oral or written presentations for financial analysts made by the management of Lafarge and Holcim, in particular the presentation on 7 April 2014 regarding the

synergies expected by the planned merger and the presentation on 29 July 2015 regarding the first-half 2015 results;

- reports and research published by financial analysts on Lafarge and Holcim shares since the success of the Offer was announced;
- market information published by the financial websites Bloomberg, Capital IQ and Mergermarket.

1.5.4. Limitations of our work

We considered that the financial and accounting information that was disclosed to us by Lafarge in connection with our assignment was reliable and provided in good faith.

In accordance with the terms of our assignment, we did not validate or verify in any way the forecast information prepared by Company management. However, we endeavoured to determine whether said forecast data was reasonable in light of the recent historical performance of the different business segments, explanations given verbally by management on the growth outlook, and the overall performance observed for listed peers.

Although our work was based on an analysis of the Group's historical and projected financial statements, under no circumstances may it be construed as an audit or even limited review of those financial statements.

2. Context of the Transaction

2.1. Key financial characteristics of Lafarge prior to the Transaction

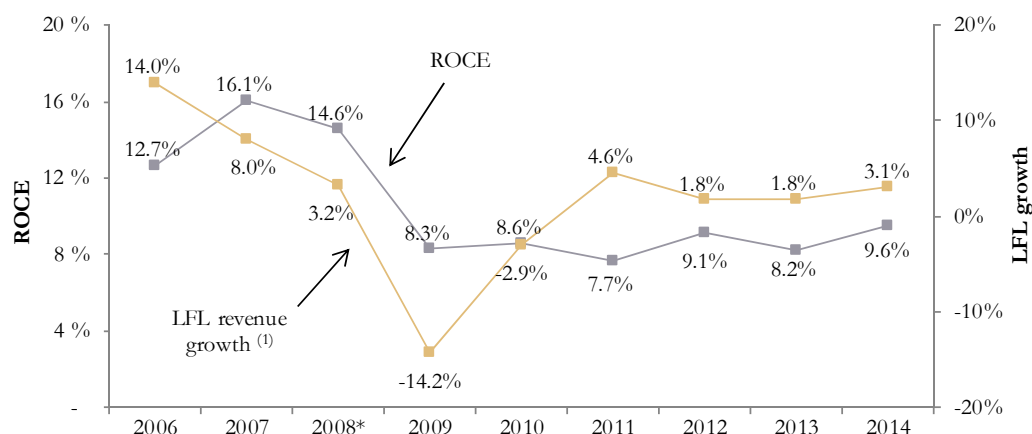
2.1.1. High operating and financial leverage

Lafarge is a global company specialising in the manufacture and distribution of building materials. Its cement division accounts for the bulk of its revenue (67% in 2014). Lafarge also derives revenue from the manufacture of concrete and aggregates.

A cement maker requires a strong geographical footprint and manufacturing facilities located close to end markets. The associated business model means that industry players have (i) high capital intensity (owing to the need for many different plants covering all regions in which their end markets are located), and (ii) high operating leverage (on account of relatively high labour costs and plant depreciation charges). Owing to these characteristics, Lafarge is what market analysts call a "cyclical stock", since its operating performance is particularly sensitive to changes in the economic climate and the resulting changes in business levels. Lafarge's return on operating assets (as measured by Return on Capital Employed, or ROCE²⁰) is therefore fairly volatile. Unsurprisingly given the financial crisis, in recent years it has been near break-even (i.e., the cost of capital).

²⁰ ROCE as referred to in this report represents EBIT after tax (at the statutory rate of 30%) expressed as a percentage of book assets at the beginning of the period (excluding goodwill, deferred taxes and financial assets).

- ROCE and like-for-like revenue growth trends -



(1) Weighted-average of the like-for-like revenue growth of the Cement and Granulates & Concrete

(*) Lafarge's ROCE adjusted from the estimated impact of Orascom acquisition which occurred in 2008

Lafarge was hard hit by the slowdown in the construction market triggered by the financial crisis: between 2007 and 2009, ROCE fell 7.8 percentage points. The Group subsequently launched large-scale measures to improve its return on assets. Based on an analysis of Lafarge's return on assets over the last few years, we can see a turnaround starting in 2011 and 2012. The return on assets of the business improved under the combined impact of emerging market growth and the economic recovery in North America, up to 9.1% in 2012. Since then, and with no return to strong volume growth, Lafarge's ROCE has been virtually flat, despite the impacts of a cost reduction and innovation plan for 2012-2015. In 2014, Lafarge's ROCE was 9.6%.

Over the past six years, Lafarge's growth resulted more from acquisitions than from investments in production capacities in countries where the Group was already present or in new markets. In this context, its last major acquisition – of Orascom in 2008 – was exemplary, allowing the Group to build leading positions in many Mediterranean and Middle Eastern countries.

The Group's acquisitions, and particularly that of Orascom, were chiefly financed by debt, at a time when the cash flows generated by its existing businesses were decreasing as a result of the crisis and subsequent fall in return on assets. To limit the Group's financial leverage, and with no strong overall recovery in business, Lafarge placed a tight rein on internal growth spending and divested a number of assets. However, financial leverage remains high, representing a carrying amount of 0.7 and a market value of 0.6 at 30 June 2015 (based on estimates of debt used below in the DCF method and Lafarge's market capitalisation at 30 June 2015).

2.1.2. Implications for the valuation approach

The characteristics of the business outlined above have implications in terms of applying the multi-criteria approach to estimate the value of the Company's shares. These implications should be duly taken into account, both when reviewing available valuation references (share price and financial analysts' target prices) and when implementing the valuation approaches (DCF and listed peers methods). The following section details the implications that the characteristics of Lafarge's business have for each of the valuation references and approaches that will be considered in this report.

Regarding the share price reference, the existence of significant financial as well as operating leverage in a cyclical business sector could increase the share price's sensitivity to new information, particularly in terms of the growth outlook. There is therefore a real risk that this kind of information could trigger an excessive rise or fall in the share price. For

example, the publication of the Company's first-half 2015 results on 29 July 2015, along with a reduction in EBITDA guidance of over 4% for Lafarge and almost 10% for Holcim, should be considered carefully.

The DCF method is based on a medium-term (five-year) business plan. Despite detailed modelling which, for each market (or country), factors in forecast volumes, sales price and raw material cost trends, and initiatives to reduce fixed costs, the resulting forecasts remain highly sensitive to the macro-economic scenario used, particularly at the end of the projection period. In the current context of a prolonged trough, preparing a medium-term business plan becomes even more difficult as the macro-economic scenario is extremely uncertain (in terms of both the extent and timing of economic recovery). As we will see later, taking into account the two business plan scenarios prepared by management enables due account to be taken of this uncertainty. Caution should also be adopted as regards the return on assets forecast at the end of the projection period.

Regarding the analysis of financial analysts' target prices, the same comment can be made as to the volatility of medium-term financial forecasts (and consequently the target prices) due to the uncertainty of the macro-economic scenario considered and the combined impact of operating and financial leverage. As we will see later, this uncertainty causes the target prices published by the various analysts covering the LafargeHolcim share to vary considerably.

Lastly, regarding the listed peers method, the estimated enterprise value draws on (i) analysts' forecasts for a sample of listed peers, and (ii) share prices. The approach therefore involves both uncertainty relating to forecasts as well as the risk that the share price overreacts in the short term to any announcements regarding future growth. Close attention should therefore be paid to the date at which the multiples are calculated.

2.2. Historical analysis of the Lafarge share

2.2.1. Share liquidity

In light of the impact of the Offer on the shareholding structure – and particularly the free float – two different periods should be identified: before and after the Public Exchange Offer.

Before the Offer, Lafarge was listed on the NYSE Euronext Paris market (Compartment A). The company's market capitalisation was around €18 billion (average capitalisation in first-half 2015), making Lafarge one of France's 40 biggest listed companies. The Lafarge share was also part of French's benchmark CAC 40 index until its recent replacement by the LafargeHolcim share, admitted to trading on the Paris market as of 14 July 2015. Lafarge's ownership structure was characterised by the presence of three major shareholders: Groupe Bruxelles Lambert (21.1% shareholding), NNS Holding Srl (13.9%) and Dodge & Cox (7.3%), and by the large proportion of free float (58%). The large free float provided the share with a high level of liquidity: over the 12 months preceding the Offer, 63% of Lafarge's capital was traded, with daily trading volumes representing an average 0.24% of the Company's capital. The share was also regularly tracked by some 20 financial analysts.

Lafarge - Liquidity analysis

	Average share price in €	Average daily volumes		Cumulative volumes			In €m
		Number of shares	As a % of share	Number of shares	As a % of share	As a % of free float	
29/05/2015*	64.28	851,778	0.30 %	851,778	0.3 %	0.5 %	54.8
Last week	65.26	546,094	0.19 %	2,730,470	0.9 %	1.6 %	178.2
Last month	64.87	628,449	0.22 %	13,825,872	4.8 %	8.3 %	896.9
Last 3 months	63.48	900,474	0.31 %	58,530,831	20.3 %	35.2 %	3,715.7
Last 6 months	62.11	817,782	0.28 %	106,311,667	36.9 %	63.9 %	6,603.0
Last 12 months	60.36	697,449	0.24 %	182,034,182	63.1 %	109.4 %	10,987.0

(*) Last trading day before the opening of the Public Exchange Offer

Note: Average share price computed on the basis of daily closing prices

Source: Bloomberg

Since the completion of the Offer which finally closed on 28 July, the liquidity of the Lafarge share has been very low, with average daily volumes traded over the past month representing 0.03% of the capital, ten times less than trading volumes prior to the Offer. This is due to the very small free float (LafargeHolcim now owns 96.4% of the capital). Furthermore, the share is no longer covered by financial analysts, who now track the LafargeHolcim share.

Lafarge - Liquidity analysis

	Average share price in €	Average daily volumes		Cumulative volumes			In €m
		Number of shares	As a % of share	Number of shares	As a % of share	As a % of free float	
24/08/2015	57.14	89,366	0.03 %	89,366	0.0 %	0.9 %	5.1
Last week	57.13	55,832	0.02 %	279,160	0.1 %	2.7 %	15.9
Since 29/07/2015*	56.79	76,137	0.03 %	1,370,458	0.5 %	13.2 %	77.8

(*) Trading day following the closing of the re-opened Public Exchange Offer

Note: Average share price computed on the basis of daily closing prices

Source: Bloomberg

2.2.2. Share performance since the announcement of the planned merger

Since the announcement of the planned merger between Lafarge and Holcim, the Lafarge share price has increased by 4.8%²¹ from €54.5 to €57.1, only just outperforming the 4.3% rise in its benchmark index (Euro Stoxx 600) over the same period. This performance of the Lafarge share is essentially due to two factors with contradictory effects: (i) the inclusion of a portion of the synergies expected from the merger, and (ii) the publication of operating results for full-year 2014 and first-half 2015 that underperformed market expectations.

As can be seen in the graph below, three main phases can be identified in the performance of the Lafarge share since the planned merger was announced.

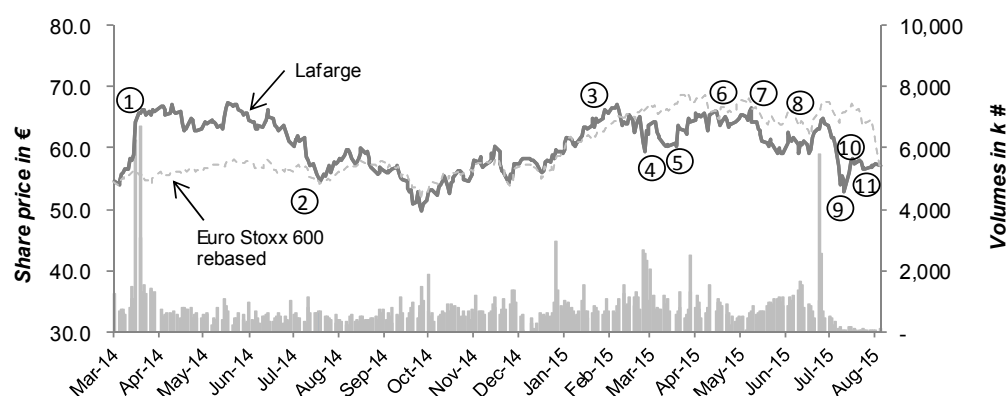
- In the first phase, the share price rose sharply following the announcement of the planned merger in April 2014, as the market factored in the synergies expected from the transaction.
- The second phase in June and July 2014 saw a share price correction essentially reflecting market conditions, the likelihood that the Offer would be a success, and the terms and conditions of this Offer. A pivotal moment came in February and March 2015 with Lafarge's publication of its 2014 results (18 February 2015), when manifest tensions between the shareholders of both groups almost put the merger

²¹ Increase in share price between 21 March 2014 and 24 August 2015. As explained in section 2.5 of our April 2015 Report, 21 March 2014 was the date that rumours about the planned merger were supposed to have started to circulate.

in jeopardy. The Lafarge share then shed 4% before a new, lower exchange ratio of 0.9 was announced on 20 March 2015²².

- More recently in July 2015, the Lafarge share fell sharply on the publication of worse-than-expected first-half 2015 results. Since then, in a context of low liquidity, the share has been fairly stable despite the stock market turmoil in August prompted by China's successive devaluations of the renminbi and mounting uncertainty as regards growth in the world's second largest economy.

- Lafarge - Share price trends from March 2014 to August 2015 -



Legend

- 1 - 4 April 2014: announcement of discussions between Lafarge and Holcim
- 7 April 2014: announcement of the merger between Lafarge and Holcim
- 2 - 25 July 2014: release of H1 2014 results
- 3 - 18 February 2015: release of 2014 results
- 4 - 20 March 2015: Lafarge and Holcim announce a revised parity (9 Holcim shares for 10 Lafarge shares)
- 5 - 9 April 2015: Eric Olsen appointed as future CEO of LafargeHolcim
- 6 - 8 May 2015: Holcim shareholders approve the proposed merger with Lafarge
- 7 - 1st June 2015: opening of the Public Exchange Offer
- 8 - 3 July 2015: closing of the Public Exchange Offer
⇒ 8 juillet 2015 : results of the Public Exchange Offer: Holcim holds 87.46% of Lafarge shares. The offer will re-open on 15 July 2015
- 9 - 29 July 2015: release of H1 2015 results of both Lafarge and Holcim
- 10 - 31 July 2015: results of the re-opened Public Exchange Offer: Holcim holds 96.41% of Lafarge shares
- 11 - 4 August 2015: LafargeHolcim confirms its intent to launch squeeze-out for remaining Lafarge shares

2.3. Historical analysis of the LafargeHolcim share

2.3.1. Share liquidity

Previously listed on Zurich's SIX market, LafargeHolcim (formerly Holcim) shares were admitted to trading on the Paris Euronext market on 14 July 2015 and replaced Lafarge on the CAC 40 index (and on the Swiss Market Index – SMI). Based on quoted prices for the first month in which the share was listed in Paris, the new group had a market capitalisation of €36.8 billion.

The share is tracked by over 20 financial analysts and has a fairly large free float (63%), which provides it with substantial liquidity. Over the past month, an equivalent 7% of the Company's capital was traded on the Zurich and Paris stock markets, with average daily trading volumes representing around 0.3% of the capital.

²² At the same time, the benchmark index (Euro Stoxx 600) gained 6%.

LafargeHolcim - Liquidity analysis

	Average share price in €	Average daily volumes		Cumulative volumes			In €m
		Number of shares	As a % of share	Number of shares	As a % of share	As a % of free float	
24/08/2015	53.99	3,726,490	0.65 %	3,726,490	0.6 %	1.0 %	201.2
Last week	56.76	2,229,843	0.39 %	11,149,217	1.9 %	3.0 %	632.8
Last month	61.58	1,929,569	0.33 %	40,520,952	7.0 %	11.1 %	2,495.3

Notes: Average share price computed on the basis of daily closing prices at Euronext Paris

Volumes computed as the sum of traded volumes on SIX and Euronext exchanges

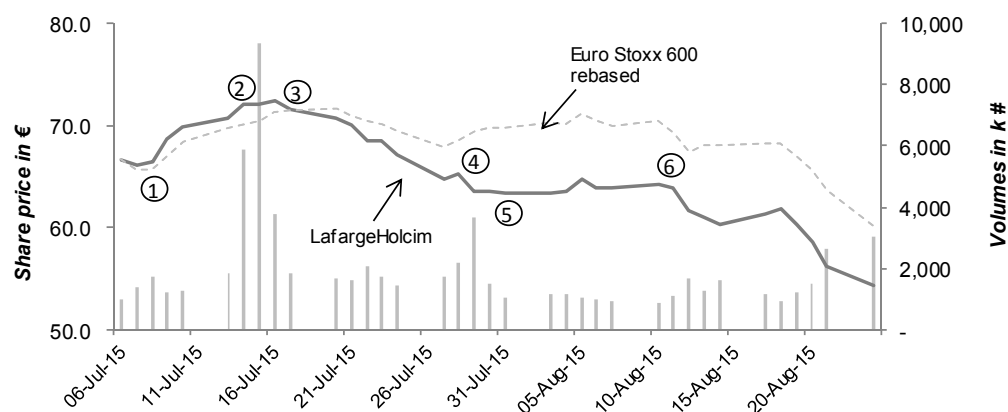
Source: Bloomberg

2.3.2. Share performance since the announcement of the results of the Public Exchange Offer

In the period from 6 July 2015 (i.e., two days before the results of the Offer were announced) and 24 August 2015, the LafargeHolcim share fell 18.5% from €66.7 to €54.3, a decrease that was almost double the 9.7% fall in the benchmark index (Euro Stoxx 600) over the same period.

As shown in the graph below, the recent performance of the LafargeHolcim share has been shaped by two events which accelerated the fall in the share price. On 29 July 2015, the Lafarge and Holcim groups published worse-than-expected half-year results. These results started to be factored into the share prices early, as of 17 July following weaker-than-expected earnings figures published by Holcim's Indian subsidiary ACC. The LafargeHolcim share price came under renewed pressure during the August 2015 stock market crisis sparked by China's successive devaluations of the renminbi and hit stocks considered by the market to be cyclical and with large emerging market exposure particularly hard.

- LafargeHolcim - Share price trends since the release of Public Exchange Offer results -



Legend

- 1 - 8 July 2015: results of the Public Exchange Offer: Holcim holds 87.46% of Lafarge shares. The offer will re-open on 15 July 2015
- 2 - 14 July 2015: LafargeHolcim starts trading on Euronext in Paris and SIX in Zurich
- 3 - 17 July 2015: ACC (Indian subsidiary of LafargeHolcim) announces significant decrease in quarterly results
- 4 - 29 July 2015: release of H1 2015 results of both Lafarge and Holcim
- 5 - 31 July 2015: results of the re-opened Public Exchange Offer: Holcim holds 96.41% of Lafarge shares and exceed the limit of 95% requested to implement a squeeze-out procedure
- 6 - 11 August 2015: first devaluation of the Chinese currency triggering the start of stock exchange turmoil which worsens as of 18 August 2015

2.4. Fairness of the Compensation

As indicated above, the Transaction follows the public exchange offer which allowed Holcim to obtain the ownership interest in Lafarge required by market regulations in order to implement a squeeze-out. However, the context of the squeeze-out is fairly unusual, making any assessment of the fairness of the proposed Compensation Price more difficult.

Usually, a squeeze-out occurs following a public tender offer and provides for compensation price equal to the offer price²³. In this context, the independent expert appointed by the target seeks to determine the fairness of the compensation by ensuring that the following two conditions are met:

- (i) The compensation price duly factors in the value of the target's shares in the context of the strategy defined by the former controlling shareholder (or the current controlling shareholder if the target was already owned by the offeror).
- (ii) The percentage of synergies paid by the offeror to the target's shareholders, as evidenced by the value of the premium (itself valued as the difference between the offer price and the estimated value of the target on a stand-alone basis, i.e., before taking into account the impacts of the transaction) is appropriate in light of the total amount of synergies expected by the offeror and the alternative value creation strategies that may be implemented by other potential owners of the target²⁴.

In the case at hand, due to the conditions in which the acquisition occurs (i.e., by means of an exchange of shares), we do not have an explicit price for the acquisition of the target's shares. Accordingly, there is no obvious reference for determining the compensation price to be paid to minority shareholders. The lack of any reference also means that we have no indication as to the percentage of synergies paid to the shareholders at the time of the acquisition of the first 96.4% based on an explicit estimate of the control premium.

As a result, unlike in standard cases where analysing the size of the premium is generally enough to ensure that the percentage of synergies paid to the target's shareholders is appropriate (second fairness condition specified above), in this case we cannot avoid explicitly estimating the synergies expected from the merger in order to determine the fair proportion payable to Lafarge shareholders. Indeed, estimating the value of the synergies expected from the merger takes on even greater importance when we consider that the substantial synergies expected by the management of both groups have been the overriding factor in ensuring the success of the Offer among Lafarge shareholders, as the exchange ratio adopted did not allow for any premium for shareholder²⁵.

In the specific context of this squeeze-out, the two conditions to be met for the proposed Compensation Price to be considered as fair are as follows:

- (i) The Compensation Price must take due account of the value of Lafarge's business at the date of the Transaction, before factoring in the impacts of the merger (see "Enterprise Value on a stand-alone basis" below).
- (ii) The Compensation Price must factor in a fair percentage of the synergies expected from the merger ("Synergy Value"). To ensure the fair treatment of all shareholders, this percentage should be equal to that attributable to the Lafarge shareholders

²³ Except in the specific case of a public buyout offer where the offeror already holds over 95% of the target.

²⁴ The premium is significant when substantial synergies are expected from the merger between the offeror and the target, and several potential buyers could unlock all or some of these synergies. In contrast, the premium is low (or even zero) when potential synergies are few (or even non-existent) or when only one potential buyer is able to unlock them.

²⁵ This aspect of the Offer – which is the logical result of the "merger of equals" desired by the management of both groups – was clearly apparent in the valuation procedures performed in connection with our April 2015 Report.

having tendered their shares, subject to a discount to reflect the timing of the synergies and the risk that they may not materialise.

Based on the above, the Compensation Price may be considered fair provided that it falls within the range of estimates of the fair price of Lafarge shares (the "Fair Price") resulting from the estimated fair value of Lafarge equity, determined as follows:

	Value of the business excluding synergies ("Enterprise Value on a stand-alone basis")
+	Percentage of synergies attributable to Lafarge shareholders ("Synergy Value")
-	Net debt and other adjustments
=	Fair value of Lafarge equity
/	Number of shares
=	Fair price of Lafarge shares

Section three below deals specifically with estimating the fair value of Lafarge equity in accordance with the recommendations of market regulators for similar situations.

3. Estimation of the fair Price of Lafarge shares

This section describes the valuation work performed in order to estimate the Fair Price of the Lafarge shares. We adopted a multi-criteria approach for our work. In accordance with the AMF's recommendation on independent appraisals dated 28 September 2006, this approach involved analysing available valuation references and applying valuation methods commonly used in the business world.

For the reasons outlined in the previous section and in light of the substantial synergies expected from the merger, we preferred valuation approaches that allowed us to estimate the fair value of equity by separately valuing its three components, i.e.: Enterprise Value on a stand-alone basis, the Synergy Values, and the value of net debt. By default, we will also examine the valuation references available for the Lafarge share that factor in the expected impacts of the merger (i.e., a percentage of the overall synergies), and which therefore do not allow for a reliable, explicit measurement of the three components of the fair value of the Group's equity.

3.1. Available valuation references

3.1.1. Consolidated net book assets

In the present case, the net book assets per share cannot be considered a pertinent basis for determining the Fair Price, particularly since they do not include goodwill generated internally through growth and returns on the business portfolio, or any capital gains that may be generated on the sale of assets not directly needed for operations (non-operating assets).

3.1.2. Recent capital transactions

The significant recent transaction is obviously the Offer for over 96% of the capital. By nature, this transaction does not give an explicit price reference, but allows us to infer a price for Lafarge shares by adjusting any value reference for LafargeHolcim shares based on the exchange ratio adopted in the Offer. This is the approach we adopt below, giving due consideration to the share prices and financial analysts' target prices used as references (see sections 3.1.4 and 3.1.5 below).

3.1.3. Lafarge share price

As seen above in section 2.2.1, the conditions required for a well-functioning, efficient market for the Lafarge share do not exist any more since the completion of the Offer, as

the size of the free float is much smaller and the share is fairly illiquid with minimal daily trading volumes (representing under 0.03% of the capital). Further, the large majority of financial analysts have stopped covering the share.

We therefore do not consider the Lafarge share price after the Offer as a pertinent reference for determining the Fair Price.

In our April 2015 Report, we approached the stand-alone value of the Lafarge shares taking into account the share price prior to the announcement of the planned merger on 4 April 2014. However, we specified that this reference did not factor in the impact of events arising after the Offer was announced, which were unrelated to the Offer but nevertheless likely to impact the stand-alone value of the Group. We nevertheless considered this to be a pertinent reference as the resulting bias affected both groups in a symmetrical manner (both groups were sensitive to the same medium- and long-term macro-economic factors). In the present case, where we are looking to estimate not an exchange ratio but only Lafarge's Enterprise Value on a stand-alone basis, such a bias is no longer acceptable since it no longer affects the groups in the same way. Accordingly, Lafarge pre-Offer share price increased by the estimated Synergy Value per share is not a pertinent reference for determining the Fair Price.

3.1.4. LafargeHolcim share price

As indicated in section 2.3 above, the conditions required for a well-functioning, efficient market for LafargeHolcim (formerly Holcim) shares exist: large free float, significant volume of daily market trades, and regular coverage by over 20 financial analysts.

Subject to considering a pertinent reference period, we therefore believe that the LafargeHolcim share price can, by transparency, represent a satisfactory basis for estimating the Fair Price, by adjusting the quoted prices based on the 0.9 exchange ratio adopted for the Offer.

To ensure that this reference takes due account of all of the synergies expected from the merger, the price of LafargeHolcim shares should be considered over a period after the success of the Offer was announced (i.e., 8 July 2015). As indicated above in section 2.3, the share performance since that date has been particularly volatile: first, following the publication of disappointing first-half 2015 results by both Lafarge and Holcim, and second due to the stock market crisis triggered by China's successive devaluations of the renminbi.

In this respect, we consider that the share prices observed after the start of the stock market turbulence cannot reasonably be taken as a pertinent reference for determining the Fair Price. Considered a cyclical stock with strong emerging market exposure, the LafargeHolcim share came under severe pressure in the market. Yet a clearly undervalued market capitalisation cannot be used as a basis for determining a compensation price for Lafarge minority shareholders, particularly since those shareholders are not seeking immediate liquidity: after all, on two occasions they chose not to tender their shares to the Offer and remain as minority shareholders of the Company.

The timeframe we considered for our analysis therefore runs from the announcement of the success of the Offer (8 July 2015) to the start of the stock market crisis (11 August 2015). This period includes the first-half results publication date (29 July 2015) and the share prices therefore factor in the market's extremely negative reaction to the news. The LafargeHolcim share shed 12.2% of its value between 16 July and 29 July 2015²⁶, whereas the EBIT guidance published by Lafarge and Holcim for 2015 was only cut by

²⁶ 16 July 2015 is the date on which *Holcim's* Indian subsidiary *ACC* published disappointing results, precipitating the slide in the *LafargeHolcim* share price.

10% and 4%, respectively (representing a decrease of around 7.4% in EBIT for the new group).

In order to take into account the possibility that the market overreacted to the publication of the first-half 2015 results, we used two different reference periods:

- The first period runs from 8 July 2015 (the date on which the results of the Offer were announced) to 16 July 2015 (the day before ACC published its results) and gives an average price of €70.3 for the LafargeHolcim shares, from which we can infer a value of €63.3 for the Lafarge shares.
- The second period runs from 29 July 2015 (the date on which the first-half 2015 results were published) to 10 August 2015 (the day before China's first devaluation of the renminbi) and gives an average price of €63.8 for the LafargeHolcim shares, from which we can infer a value of €57.4 for the Lafarge shares.

3.1.5. Target prices for LafargeHolcim issued by financial analysts

As with stock market prices, target prices issued by financial analysts for the LafargeHolcim share can, by transparency, represent a satisfactory basis for estimating the Fair Price by adjusting the target prices based on the 0.9 exchange ratio adopted for the Offer.

For the reasons outlined above for the share prices, we do not use the target prices mentioned in reports prior to the announcement of the success of the Offer. Further, since we believe the target prices to have been determined based on a medium- to long-term outlook, we only used the reports published after the publication of the first-half 2015 results (i.e., 29 July 2015). On this basis, we obtained a sample of 17 analyst reports.

LafargeHolcim - Recommendations and target prices since the release of Lafarge and Holcim H1 2015 results

Brokers	Date	Nature of recommendation	Target price (€)	Share price on day before publication (€)	Upside/ (downside)	Lafarge fair share price by transparency (€)
Broker 1	28-Aug-15	Neutral	64.3	56.6	13.7 %	57.9
Broker 2	26-Aug-15	Reduce	55.2	55.6	(0.8)%	49.7
Broker 3	26-Aug-15	Outperform	67.7	55.6	21.8 %	61.0
Broker 4	24-Aug-15	Outperform	74.0	56.2	31.7 %	66.6
Broker 5	20-Aug-15	Sell	52.7	60.4	(12.7)%	47.4
Broker 6	17-Aug-15	Hold	63.6	60.4	5.4 %	57.3
Broker 7	7-Aug-15	Neutral	67.7	63.8	6.0 %	60.9
Broker 8	6-Aug-15	Outperform	80.8	64.7	25.0 %	72.7
Broker 9 *	5-Aug-15	Outperform	74.0	63.6	16.3 %	69.9
Broker 10	3-Aug-15	Neutral	70.5	63.3	11.3 %	63.4
Broker 11	3-Aug-15	Buy	73.5	63.3	16.0 %	66.1
Broker 12	31-Jul-15	Hold	65.9	63.5	3.9 %	59.4
Broker 13	30-Jul-15	Buy	85.9	63.6	35.1 %	77.3
Broker 14	29-Jul-15	Neutral	63.9	65.3	(2.0)%	57.5
Broker 15	29-Jul-15	Buy	89.3	65.3	36.9 %	80.4
Broker 16 *	29-Jul-15	Buy	82.1	65.3	25.8 %	77.6
Broker 17	29-Jul-15	Outperform	79.0	65.3	21.0 %	74.6
Average			71.2			64.7
Median			70.5			63.4
Min			52.7			47.4
Max			89.3			80.4
<i>Standard deviation</i>			<i>14.3 %</i>			<i>15.0 %</i>

Note: (*) Parity used to estimate Lafarge fair share price is adjusted as the broker takes into account expected dilution related to the future dividend payment in shares which should occur in September 2015

A wide range of target prices can be observed (between €52.7 and €89.3). This disparity is essentially attributable to the combined impact of Lafarge's operating and financial leverage (see section 2.1 above). To a lesser extent, the range could also result from the difficulty arising due to changes in the LafargeHolcim scope (effective at 30 June 2015 following the commitments made to competition authorities in connection with the merger or announced after the Group increased its presence in China in particular). This can give rise to differences in analysts' forecasts, particularly as regards the level of net debt.

Due to this wide disparity in target prices, we should approach this reference for estimating the Fair Price with caution.

3.2. Estimating the Fair Price using standard valuation methods

3.2.1. A four-step valuation approach which excludes any direct approach to equity value

To estimate the Fair Price using standard valuation methods, we adopted a four-step approach which involved successively estimating (i) the value of the businesses before taking into account the impacts of the merger (Enterprise Value on a stand-alone basis), (ii) the value of the portion of synergies attributable to Lafarge shareholders (Synergy Value), (iii) the value of net financial debt and of assets and liabilities not directly needed in operations ("current non-operating assets and liabilities"), and (iv) equity value, determined as the net of these components.

This approach automatically excludes the use of valuation methods that directly calculate equity value without first calculating enterprise value and the value of net financial debt, and other non-operating assets and liabilities. As a result, we directly ruled out the two methods based respectively on discounted dividends (Discounted Dividend Model, or DDM) and on earnings multiples (Price Earnings Ratio, or PER). Although these two methods make sense from a conceptual standpoint, in practice DDM is too crude to provide a reliable estimate of the value of complex groups, while PER requires the company valued and the listed companies used as peers to have a similar capital structure – rarely the case in reality.

The methods selected to value Lafarge's businesses are the three methods typically used in a multi-criteria approach: the Discounted Cash Flows method (DCF) and multiple valuation methods based on listed peers or comparable transaction samples. For reasons outlined below in section 3.5, we were unable to use the comparable transactions method.

The estimates of the Fair Price resulting from the two valuation methods used are provided below in sections 3.3 and 3.4. These estimates include the Enterprise Value on a stand-alone basis obtained from each method along with the Synergy Value (section 3.2.2), net financial debt and other current non-operating assets and liabilities (section 3.2.3) and the diluted number of Lafarge shares (section 3.2.4).

3.2.2. Estimating Synergy Value

To estimate this essential component of the Fair Price, we first estimated the value of the total synergies expected from the merger and then determined the portion attributable to Lafarge shareholders.

3.2.2.1. Valuation approach

The impact of the recurring synergies as presented by Lafarge management when the merger was announced in April 2014 represents €1.2 billion (pre-tax cash flows) three years after the merger. This amount was broken down as follows:

- Additional sales (17% of the total): Since each group will make available its own portfolio of specific products and technologies, each will be able to offer a broader range in its trading segment, and this should boost sales volumes and operating income.
- Cost savings (66% of the total): The merger will enable the groups to make significant savings on general expenses, both head office costs and overheads relating to regional head offices based in countries where both groups are present. Cost savings are also expected at the level of purchases, logistics and manufacturing processes.

- Capital expenditure savings (17% of the total): The merger will enable (i) purchase terms and conditions and plant design to be improved, and (ii) each group's production capacity to be optimised as certain potential stand-alone projects will not now go ahead.

The merger also includes two "one-off" impacts:

- improved working capital, with an estimated positive impact of €0.4 billion on cash flows over a three-year period;
- synergy implementation costs amounting to an estimated €1.0 billion.

As indicated in our April 2015 Report, due to the nature of the contemplated synergies, the value expected to be created by the merger cannot reasonably be attributed more to Holcim than to Lafarge. Therefore, a "fair" allocation of the synergies must result in an identical increase (in percentage terms) of the two groups' respective shareholder value. In our opinion, this result was obtained through the exchange ratio that was so well received by the market at the time of the Offer, as it was reasonably based on the estimated stand-alone value of the shares of both groups.

In the context of the current Transaction, the same method of allocating synergies must be preferred in order to ensure fair treatment between shareholders having tendered their shares to the public exchange offer and those choosing to continue holding their shares.

The fair portion of the synergy value attributable to Lafarge shareholders ("Synergy Value") was determined using a two-step approach:

- First we calculated the value of the total synergies attributable to Lafarge and Holcim shareholders (Total Synergy Value) using the DCF method. DCF is the only method able to distinguish between the different types of synergies and therefore factor in different probabilities that the synergies will materialise using different discount rates.
- We then calculated the portion attributable to Lafarge and Holcim shareholders by applying a percentage of 44.5%²⁷ inferred from the merger's exchange ratio of 0.9.

3.2.2.2. Estimating the Total Synergy Value

Information used

To estimate the cash flows expected to arise from the synergies, we drew on the presentation prepared jointly by Lafarge and Holcim in connection with the announcement of their planned merger to the market on 7 April 2014. The estimates provided at this time were formally reiterated (in millions of euros) by both groups in July 2015 on publication of their first-half 2015 results.

We were also provided with a specific business plan prepared by teams of both groups, detailing the synergy targets for each country. We have two remarks to make on this business plan:

- It covers almost 70% of the total recurring synergies, as certain cost synergies at the level of the head offices and investment synergies are not included.
- The business plan estimates confirm the estimates announced to the public in the sense that the first estimates implicitly reveal a margin of prudence in the second estimates aimed at covering execution risk.

²⁷ Percentage calculated based on the diluted number of *Lafarge* and *Holcim* shares as calculated for the purposes of our April 2015 Report.

In light of the above, we chose to base our work to value the synergies on published information rather than internal data.

Estimating annual cash flows and selecting the discount rates

The post-tax cash flows were estimated based on the synergy targets (in terms of amount, implementation cost and timing) officially announced by management. Once the full impact of the synergies was felt, we applied an annual growth rate of 1.5%. This is consistent with the inflation rate implicit in the discount rates used later on. No amount was deducted from the cash flows in respect of execution risk, as this risk was already factored into the estimates provided to the market.

The only adjustment made concerns capital expenditure savings. We understand that a fairly large portion of these savings results from the optimisation of each group's production capacity, since certain projects that would have been run on a stand-alone basis will not now go ahead. In theory, the fact that these projects will not now run should have a negative impact on sales growth, at least in the short term, as compared with sales growth in the stand-alone scenario. In estimating the Total Synergy Value, we therefore only retained the portion of capital expenditure savings (around half of the total) that results from improved purchase conditions and project design. These capital expenditure savings lead to a reduction in depreciation and hence in the related tax savings. This was duly taken into account in our valuation work.

Lastly, the portion of the synergies attributable to the minority shareholders of both groups was deducted from the resulting cash flows, i.e., an estimated 13.5% based on the business plan for the synergies.

In terms of the long-term nature of the recurring annual flows expected three years after the merger, we consider that the additional return on assets generated by the synergies is likely to disappear with time, mainly due to new competitive pressures stemming from the reaction of other industry players to the merger of the two leading groups. Specifically, we considered that the recurring cash flows obtained after three years will gradually decrease, down to zero after a period of 20 years.

We believe that the execution risks are different, depending on the types of synergies considered. Therefore, we discounted these estimated cash flows by applying two different discount rates:

- A discount rate of 5.0% was applied to synergy implementation costs, cost savings, capital expenditure savings and improvements in working capital, as we consider that the associated risk is lower than the risk associated with the operating cash flows of Lafarge or its listed peers (risk similar to long-term default risk).
- However, we also applied a discount rate of 10% (more than the 8% cost of capital computed in section 3.3.3 below), on the grounds that the visibility as regards revenue synergies was less than that for the cash flows generated by Lafarge's businesses on a stand-alone basis.

3.2.2.3.Determining Synergy Value

As shown in the table below, the Total Synergy Value based on the factors discussed above is €5.2 billion.

Lafarge - Estimation of the Synergy Value

in EURm

Value of the synergies expected from the merger	6,001
- Share attributable to Lafarge and Holcim's minority interests (13,5%)	810
= Value of the synergies expected from the merger (group share)	5,191
x Share attributable to Lafarge shareholders *	44.5 %
= Synergy Value	2,311

** Resulting from the merger parity of 0.9 Holcim share for 1.0 Lafarge share*

This estimate, which was obtained as the merger became certain to go ahead, represents an increase of 15% in the combined Lafarge and Holcim shareholder value before the announcement of the planned merger²⁸. The 15% increase is wholly in line with two alternative estimates of the merger impacts, obtained before the merger became certain to go ahead: (i) the impact of the announcement of the planned merger on the combined shareholder value of both groups, i.e., around 13%²⁹, and (ii) analysts' revised target prices in the two months following the announcement of the planned merger, i.e., around 16%³⁰.

In all, based on the allocation of the Total Synergy Value derived from the exchange ratio in the public exchange offer, the Synergy Value (i.e., the portion attributable to Lafarge shareholders) comes out at €2.3 billion, i.e., around €7.9 per share.

3.2.3. Net financial debt and other current non-operating assets and liabilities

To ensure consistency with the consolidation scope used for the business plan, we estimated the different reconciling items mentioned below, based on the pro forma balance sheet at 30 June 2015. The balance sheet was provided to us by Lafarge management and fully consolidates the Group's Chinese operations (previously accounted for by the equity method). The consolidation method for the Chinese operations was changed following SOCAM's acquisition of 45% of Lafarge Shui On, the Group's holding company in China, after the success of the Offer had been announced.

Net financial debt

Lafarge's net financial debt at 30 June 2015 chiefly comprises bonds with a market value higher than book value due to the lower interest rates observed over the past few years. Lafarge management provided us with a revised market value for these bonds at 30 June 2015.

Minority interests

Given the significance of minority interests for Lafarge, even a rough estimate of the market value should be preferred to the book value recorded in the balance sheet.

For unlisted subsidiaries, the market value of minority interests at 30 June 2015 was estimated by multiplying the book values at 30 June 2015 by a Price-to-Book ratio (PBR) based on average market capitalisations over the same period as that used in the listed peers method (i.e., from 29 July 2015 to 10 August 2015). A PBR of 3.2x was used for companies based in emerging markets (median PBR observed for a sample of cement groups in developing countries) and 1.1x for companies mainly based in mature markets (average PBR of Heidelberg Cement and Cemex).

²⁸ Computed based on a combined market capitalisation of €34,635 million for *Lafarge* and *Holcim* on 21 March 2014, the day before rumours of a potential merger announcement first began to circulate.

²⁹ Estimate provided in our April 2015 Report based on an analysis of abnormal returns over a period of ten trading days between 24 March 2014 (nine days before the announcement of the planned merger) and 4 April 2014 (date of the announcement).

³⁰ Estimate provided in our April 2015 Report based on the median increase in *Lafarge* and *Holcim* shares.

Some of Lafarge's investments that are fully consolidated but not fully owned by the company are listed. In this case, to obtain an estimate of the market value of minority interests at 30 June 2015 not distorted by the merger announcement, we excluded the market capitalisation of these companies as a reference, as this indicator may have been significantly impacted by the synergy outlook. We therefore used the same reference as for unlisted companies (i.e., the two PBRs mentioned above).

Pension provisions

Provisions for pensions and other employee benefit obligations, net of the associated plan assets, correspond to the benefit entitlement vested to date by employees of Lafarge. Since the "interest cost" on pensions is accounted for in financial income and expense rather than in personnel costs (which include the "service cost" on pensions), this provision (net of the tax impact) was included in the items used to determine equity value from enterprise value.

In the context of a financial valuation, the employees' future benefit entitlement should also be taken into account. Based solely on information provided in the Group's registration documents, we consider that the value of this future benefit entitlement is reflected in the "service cost" implicitly factored into operating margin forecasts and hence into the Group's future free cash flows.

Investments in associates and joint ventures

The enterprise values estimated below only factor in the future economic benefits to be generated by fully consolidated legal entities. Consequently, the value of investments in associates and joint ventures should be added to these enterprise values. As described above for minority interests, the market value of these investments was determined using the listed peers method based on different PBRs (developed or emerging markets).

Assets and liabilities held for sale

Assets and liabilities held for sale relate to the scope of sales being carried out in accordance with commitments made to competition authorities. They mainly include the sale of assets relating to the investment in Tarmac in the UK, assets held by the Group in Reunion Island (except for the interest in Ciments de Bourbon), Germany and Romania, and certain assets in the Philippines, Brazil and the US (Davenport cement plant and seven Mississippi distribution terminals).

The value of assets and liabilities sold was estimated based on the estimated sale prices prepared by Lafarge management.

Tax savings arising on tax loss carryforwards

Potential tax savings recognised in the Group's consolidated balance sheet correspond only to tax losses which management deems are likely to be recovered in the short or medium term. In the absence of additional information, this is the amount taken into account in the valuation of Lafarge.

Since there are no more recent estimates, we used the amount of tax loss carryforwards available in the short and medium term at 31 December 2014.

Adjustment relating to average working capital

Lafarge's construction business is highly seasonal, essentially due to bad weather. To reflect the real capital intensity of the business in our assessment of the Group's forecast return on assets (namely in order to compute a terminal value for the DCF method), we adjusted the balance sheet at 30 June 2015, repositioning the Group in an "average" situation. More specifically, we first determined an average level of operating working

capital ("Strict Working Capital") in terms of number of days' sales, based on the average monthly levels observed in the 2013 and 2014 reporting periods and the estimated sales for 2015. We then adjusted the balance sheet at 30 June 2015 by deducting from working capital and net financial debt an amount equal to the difference between book working capital at 30 June 2015 and the estimated average working capital as estimated at that date.

Cash received on the exercise of stock options

Cash received on the exercise of stock options "in-the-money" at 21 August 2015 was taken into account when determining equity value from enterprise value.

Other non-operating assets and liabilities

Other non-operating assets and liabilities chiefly relate to provisions for contingencies and expenses and other financial assets.

In theory, the cash outflows associated with provisions for contingencies and litigation at 30 June 2015 are not taken into account in the business plan forecasts and the provisions (net of their tax effect) were therefore included in non-operating liabilities.

Other non-current financial assets chiefly relate to long-term loans and receivables.

We considered that "provisions for environmental risks and site restoration" and "provisions for restructuring" were already taken into account in estimating the enterprise value, since the related cash flows were included in the business plan amounts. Accordingly, these items are not included in the calculation of equity value based on enterprise value.

Summary

The table below summarises the items taken into account to compute equity value based on estimated enterprise value (using the DCF or listed peers method) and estimated Synergy Value.

Net financial debt and other non-operating liabilities (assets)	
en EURm	
Net financial debt ⁽¹⁾	12,901
+ Non-controlling interests	5,577
+ Pension provisions, net of tax impact	905
- Investments in associates and joint-ventures	3,476
- Assets held for sale	4,099
- Tax losses carryforward	1,059
- Cash received on exercise of stock-options	59
+ Adjustment related to average working capital level	98
+ Other non-operating liabilities (assets)	(175)
= Net financial debt and other non-operating liabilities (assets) as of 30 June 2015	10,612

(1) Market value of debt, pro forma of Chinese subsidiary integration

3.2.4. Number of shares taken into account to calculate the share value based on the estimated equity value

The table below shows how we determined the number of shares to be taken into account to estimate the unit value of shares. The calculation is made on the basis of the total number of shares issued less any treasury shares held. We also considered the potentially dilutive impact of:

- the exercise of stock options in-the-money;
- the award of Lafarge performance shares which may be granted at no consideration.

The data used corresponds to the most recent information available at the date of our valuation work, i.e., dating from the end of July 2015³¹.

Diluted number of shares as of 31 July 2015

Issued shares	288,474,712
- Treasury shares	68,082
= Outstanding shares	288,406,630
In the money stock-options *	1,424,756
Performance shares **	1,071,122
+ Potential dilution	2,495,878
= Diluted number of shares	290,902,508

(*) Reference share price as of 21 August 2015

(**) Adjusted for the disposals to CRH

3.3. Estimating the Fair Price using the DCF method

3.3.1. Estimating annual cash flows

To estimate the cash flows expected to be generated by Lafarge's businesses on a stand-alone basis, we used the Company's business plan dated 22 July 2015. This business plan covers the period 2015-2020 and was prepared as part of the Company's usual planning process. It does not include the synergies expected from the merger, but does take account of the divestments carried out in connection with commitments made to competition authorities. The forecasts for 2015 correspond to the latest version of the budget, as forecasts for subsequent years were adjusted at this date by Lafarge's Corporate Strategy and Finance teams, after various modifications for each country.

The business plan incorporates two different versions of the investment strategy, underpinned by the assumption of an overall macro-economic recovery following several years of sluggish growth. In the first version ("Version 1"), the Group pursues a proactive investment strategy designed to ensure robust medium-term growth beyond the period covered by the business plan. In the second version ("Version 2"), the Group only undertakes those investment projects already validated by the Executive Committee. This last scenario does not build in expectations of volume growth beyond the period covered by the plan.

In the usual planning process, once the teams have drawn up the business plan, it is validated by the Group Executive Committee, which may decide to include a margin of prudence in relation to the plan forecasts. We understand that this year, due to the ongoing merger with Holcim and the likely reshuffle of the Lafarge Executive Committee, the business plan was not validated by the Group Executive Committee. The two above-mentioned versions do not therefore take into account margins of prudence to cover geopolitical or operational risks, etc. In this sense, the published forecasts are a reflection of management's ambitions rather than an average scenario. As we will see below in section 3.3.3, we have included this aspect in our valuation work by raising the discount rate that would apply to cash flows in the "average scenario" using a specific risk premium.

³¹ Lafarge management confirmed that the limited changes in the number of shares at 30 June 2015 and 31 July 2015 had no impact on Group cash.

As outlined above in section 2.1.2, Lafarge's business is highly sensitive to the growth assumptions adopted. For our valuation work, we constructed two scenarios using both versions of the business plan. Details of the scenarios are given below.

High-Case Scenario (2015-2024)

The high-case scenario ("High-Case Scenario") assumes a significant economic recovery and a proactive investment strategy. It therefore naturally draws on the forecasts for the different items comprising available cash flows in Version 1 of the business plan (sales, EBITDA, impairment, change in working capital, investment spending). To factor in all of the growth generated by investments made over the period covered by the business plan, we extrapolated the business plan forecasts over an additional four-year period, resulting in an explicit forecast period of ten years.

At the end of the business plan period, due to the levels of investment expected by management, we consider that the Group will not have achieved a level of sales that reflects the full use of its production assets. Accordingly, we used the following growth assumptions:

- An additional three-year period of strong sales growth (5% p.a.), corresponding to the time needed to build and increase production at new plants built at the end of the business plan (one to three years reflects the time needed according to management). In the last year of the extrapolation period, sales growth is at the level used to calculate the terminal value (1.5%).
- A linear increase in the turnover of capital employed (to reflect better use of production assets) towards the level planned for 2020 in Version 2 of the business plan.
- Constant ROCE over the four years of the extrapolation, equal to that set as a target at the end of the business plan period.

A 30% tax rate is used to calculate tax based on zero debt³².

Low-Case Scenario (2015-2020)

Like the High-Case Scenario, the low-case scenario ("Low-Case Scenario") assumes an economic recovery but projects a lower level of investment spending and therefore takes the forecasts set out in Version 2 of the business plan.

According to Lafarge management, the level of investment spending projected in this scenario does not allow additional volume growth to be generated after 2020. The performance forecast for 2020 (in terms of both sales and return on assets) therefore reflects the maximum use of production assets. Since there is no additional growth, no extrapolation period need be considered.

As in the High-Case Scenario, the tax rate used to calculate tax based on zero debt is 30%.

3.3.2. Calculating a terminal value

The terminal value of the business at the end of the explicit forecast period (i.e., respectively end-2020 and end-2024 for the Low-Case and High-Case Scenarios) was calculated based on the commonly-used method of discounting a normative cash flow over

³² This rate seems reasonable as it is higher than the average rate applicable in the countries where *Lafarge* operates, weighted for the relative EBITs generated in these countries. Therefore, taxes taken into account in free cash flows do not incorporate tax savings arising on tax loss carryforwards at the valuation date. As explained above, these savings were incorporated in the adjustments made to the enterprise value for the calculation of the equity value.

an unspecified period, by reference to a normative level of return on assets and a perpetuity growth rate.

As indicated above in section 3.3.1, due to the "proactive" nature of both versions of the business plan provided to us, the return-on-asset levels expected at the end of the business plan (2020) cannot be considered as pertinent references to estimate the normative cash flow. We considered normative a return on assets close to that forecast for the middle of the business plan period. This return on assets – identical in both versions of the business plan – is almost 25% below the levels expected in 2020.

We used a perpetuity growth rate of 1.5%. This rate approximates the expected long-term rate of inflation and is consistent with the implicit components of the risk-free rate taken into account in determining the discount rate (see section 3.3.3 below).

3.3.3. Calculating a discount rate

In a DCF financial valuation, we consider that the appropriate discount rate to be applied to the cash flows expected from a business is the opportunity cost of capital specific to that business.

Unlike conventional valuation practices therefore, we did not use the weighted average cost of capital (WACC). We believe that the method commonly used to determine WACC probably overestimates the positive impact that the capital structure has on the value of assets. The reason for this is that the common methods of calculating the discount rate only consider the positive impacts of debt (i.e., the tax savings made at company level and now capped) and ignores other less favourable inputs such as individual taxation and multiple implicit costs of debt that are difficult to quantify but only too real, as was revealed by the serious liquidity problems encountered by many companies during the autumn 2008 financial crisis.

This issue is the subject of debate in many academic publications. We have therefore preferred to use an alternative, IFRS-compliant approach which does not factor in the impact of the capital structure on asset value. According to this approach, the estimated cash flows are discounted at the opportunity cost of capital (i.e., the cost of equity with no debt).

This rate is determined using the standard capital asset pricing model (CAPM) formula and the inputs specified below.

- **Risk-free rate:** Yields on Eurozone government bonds are affected in very different ways by the current financial market environment: they fell sharply in countries considered as presenting no or low credit risk (chiefly Germany, Switzerland and France) and increased in countries affected by the sovereign debt crisis. Due to the resulting unusual volatility in government bond yields, calculating a risk-free rate is more difficult. In this context, the best risk-free rate reference in the Eurozone is the rate paid by an AAA-rated European group to borrow at 10 years. In the absence of this type of reference, we used a risk-free rate of 3.5% in our normative approach. This rate factors in a real long-term interest rate (excluding inflation) of 2.0% and an expected long-term inflation rate of 1.5%.
- **Unlevered beta:** The beta coefficient of a given business is generally estimated using a peer group approach based on beta coefficients for shares of comparable listed companies. These are obtained by a linear regression of share returns on market index returns. Specifically, beta coefficients for shares of comparable companies are estimated over a long period (four and five years) based on monthly returns in order to reduce the statistical "noise" caused by series of observations constructed over shorter periods. Only the beta coefficients resulting from

regressions where R^2 is higher than 15% are used. The beta coefficients obtained are then "deleveraged" in order to eliminate the impact of the capital structure and obtain a range of beta coefficient estimates for the underlying business.

The quantitative analysis carried out as described above leads to a beta coefficient of 1.0, corresponding to the average unlevered beta coefficient observed over a period of five years for both Lafarge and Holcim and the comparable listed companies Heidelberg Cement and Cemex (see section 3.5 below for more information on how we selected the comparable listed companies).

The beta coefficient that results from the quantitative approach is consistent with the beta obtained from a qualitative approach. This is because the two factors determining the systemic risk affecting a business (and therefore its beta coefficient) are (i) its sensitivity to the economic climate and (ii) its operating leverage. The sensitivity of Lafarge's business to the wider economic climate is limited by the Group's global reach, since the dynamic nature of certain regions can offset weakness in others: this geographical diversification therefore leads us to expect a lower-than-average beta coefficient. On the other hand, Lafarge has high and probably above-average operating leverage. Overall, therefore, these two factors justify a near-average unlevered beta coefficient.

- **Estimated average equity market risk premium:** We used a premium of 4.5%, which is towards the top of the range of estimates given by the most recent academic studies on the issue. This is because of the systemic risk highlighted by the autumn 2008 financial crisis which limits the benefits of international diversification.

Based on these inputs, an opportunity cost of capital of 8.0% was applied to Lafarge's businesses, i.e.:

$$\text{Opportunity cost of capital} = 3.5\% + [1.0 \times 4.5\%] = 8.0\%$$

The opportunity cost of capital based on the CAPM is designed to take into account the specific, non-diversifiable risk of the businesses valued. It therefore assumes that all specific risks (i.e., those that may be eliminated by an appropriately diversified investor) are duly factored into the forecast cash flows. In other words, it assumes that the cash flows used for the purposes of the DCF method constitute cash flows that would be considered representative of an "average-case scenario".

Based on our discussions with Lafarge management, we understand that neither of the business plan versions – on which the two Low-Case and High-Case Scenarios included in the valuation are based – factor in the margins of prudence that are generally taken into account by the Group (see above in section 3.3.1). These scenarios therefore describe a better growth outlook than that which would result from "average-case scenarios". Since we are unable to prepare these "average-case scenarios" and in order to ensure the necessary consistency in DCF between the cash flows taken into account and the discount rate used, we raised the cost of capital applied to Lafarge's businesses by adding a specific risk premium. We set this risk premium at a fixed percentage of 0.5%. In economic terms, applying such a premium is tantamount to discounting the normative operating margin by around 10%.

The discount rate used to value Lafarge's businesses therefore comes out at 8.5%, i.e.:

$$\begin{aligned}\text{Discount rate} &= \text{Opportunity cost of capital} + \text{Specific risk premium} \\ &= 8.0\% + 0.5\% = 8.5\%\end{aligned}$$

3.3.4. Results of the method

As indicated in the table below, the DCF method gives a range of Fair Price estimates of between €56.8 and €66.7.

Fair value of Lafarge equity		
in EURm	Low case	High case
Standalone Enterprise Value	24,821	27,695
+ Synergy Value	2,311	2,311
- Net financial debt and other adjustments	10,612	10,612
= Fair value of Lafarge equity as of 30 June 2015	16,520	19,394
in EUR per share	56.8	66.7

3.4. Estimating Fair Price using the listed peers method

Like the DCF method, the listed peers method is designed to first provide an estimate of Enterprise Value on a stand-alone basis. Given the scale of the merger between the two industry leaders (Lafarge and Holcim), the Offer could have impacted the earnings outlook and share price of listed peers. We therefore consider that estimates of the Fair Price derived from the listed peers method are less pertinent than estimates obtained from the DCF method.

Selecting relevant multiples

As in our April 2015 Report, we ruled out sales multiples due to the distortion resulting from differences in returns on assets. Further, in the absence of a major difference in depreciation/amortisation policy, we also preferred EBIT rather than EBITDA multiples, since the former are not distorted by differences in capital intensity resulting from the companies' industrial and commercial strategies.

Selecting a sample of comparable companies

The approach and conclusions drawn from our sample of comparable companies are the same as those described in the April 2015 Report and outlined below.

As a first step, in order to take into account the most important factor determining multiples (systemic risk), we constructed a fairly wide sample of eight cement groups theoretically comparable to Lafarge in terms of businesses. Note that we did not include Irish company CRH in this first sample as this company derives a large portion of its sales from activities not directly linked to the manufacture of cement, concrete or aggregates. This was despite CRH's recent acquisition of certain assets sold by Lafarge and Holcim in Europe and the US following the success of the Offer.

Among the eight companies selected, only two (Heidelberg Cement and Cemex) can be said to be comparable to Lafarge in terms of scale and global reach. The geographical footprint of the six much smaller companies eliminated from the sample is too different from that of Lafarge: Italian cement groups Italcementi, Buzzi and Cementir, Vicat in France and TitanCement in Greece have a significant (over 60% of sales) exposure to mature markets and particularly Europe, while the Portuguese cement group Cimpor has significant exposure to emerging markets and especially Latin America.

Applying the listed peers method and results

As explained above, this method is based on EBIT multiples as published by the Heidelberg Cement and Cemex groups. These multiples were calculated based on the following inputs:

- As numerator for the calculation of enterprise values: (i) average market capitalisation over the period from 29 July 2015 to 10 August 2015, and (ii) net financial debt and current non-operating assets and liabilities at 30 June 2015. The period used to calculate the market capitalisation enables the potential impact of the publication of Lafarge's and Holcim's results on the market value of other industry players to be taken into account, while disregarding the recent turbulence on equity markets.
- As denominator for the calculation of EBIT: analyst consensus data available at 10 August 2015, in order to ensure consistency with the market capitalisations used as numerator.

Current non-operating assets and liabilities were included at market value as far as possible. As for Lafarge (see section 3.2.3 above), the value of minority interests and associates was estimated using a PBR of 1.1x for companies in mature markets and of 3.2x for those in emerging markets.

To take into account the development potential of the companies in the sample, we took multiples based on forecast EBIT. Ultimately, we only used the 2016 multiple and excluded the 2017 multiple as the market consensus for this period is less reliable (at 10 August 2015, only half the number of financial analysts publishing forecasts for 2016 had also published forecasts for 2017).

Based on the above, the 2016 EBIT multiples for Heidelberg Cement and Cemex are 10.0x and 12.7x, respectively.

EBIT multiple of comparable companies

	Heidelberg Cement (EURm)	Cemex (MXNm)
Market capitalisation ⁽¹⁾	13,218	10,719
+ Non-controlling interests	3,142	1,583
+ Net financial debt (30 June 2015)	7,091	15,747
+ Other non-operating liabilities (assets)	(2,963)	(1,777)
= Enterprise value	20,488	26,271
/ EBIT 2016e ⁽²⁾	2,048	2,077
= 2016 EBIT multiple	10.0x	12.7x

(1) 12-day average market capitalisation as at 10/08/2015

(2) Source: CapitalIQ; Market consensus as at 10/08/2015 adjusted from restructuring costs estimated to 0.3% of Heidelberg Cement sales and 0.5% of Cemex sales (historical levels)

We do not consider that this difference in multiples for Heidelberg Cement and Cemex can be explained by a difference in risk (the main factor determining multiples), since we explained above that both groups were reasonably comparable from this point of view, as corroborated by the estimated unlevered beta coefficients for the two groups (1.2 and 1.1, respectively). This difference therefore appears to result from a disparity in terms of earnings growth (the second most important factor determining multiples). This is confirmed by analysts' forecasts, which show higher 2016 and 2017 EBIT growth for Cemex than for Lafarge but lower growth for Heidelberg Cement than that expected for Lafarge.

Rather than consider an average multiple, we therefore calculated two estimates of the Enterprise Value on a stand-alone basis by reference to the 2016 multiples respectively

published by Heidelberg Cement (10.0x) and Cemex (12.7x). On this basis, the Fair Price comes out within an estimate range of between €44.8 and €64.8.

3.5. Limits of the comparable transactions method for estimating the Fair Price

Unlike the share prices used in the listed peers method, the transaction prices adopted for the comparable transactions approach factor in premiums, i.e., the portion of synergies retained by the shareholders of the target. In the case at hand, therefore, the comparable transactions method in theory captures two essential components in calculating the Fair Price: Enterprise Value on a stand-alone basis and Synergy Value. As indicated below, questions arise in reality that lead us to rule out the method.

No transaction involving global cement groups genuinely comparable to Lafarge has taken place in the last few years. Most of the transactions observed concerned one-off purchases of industrial assets or trading in shares of companies based in emerging markets. However, Heidelberg Cement's acquisition of cement group Italcementi announced on 28 July 2015 is worth considering insofar as the target company's businesses are fairly similar to those of Lafarge, although they have a narrower geographical reach.

Nevertheless, the synergies disclosed at the time this merger was announced (additional EBITDA on a full run-rate basis of around 1% of combined sales) are far below those expected in the Lafarge and Holcim merger (additional EBITDA of over 3% of combined sales). Accordingly, using the multiples derived from this transaction would lead us to underestimate the Fair Price. This is corroborated by the multiples derived from approved estimates of the Enterprise Value on a stand-alone basis and the Synergy Value obtained or used in the DCF method (2016 EBITDA multiple around 15% to 25% higher than the multiple resulting from the transaction).

Consequently, we did not apply the comparable transactions method.

4. Analysis of the valuation report prepared by the Banks

As part of our assignment, we analysed the valuation report prepared by Société Générale and UBS in connection with the Transaction, a summary of which is included in the draft prospectus which will be published. We set out below our comments on this analysis.

4.1. Valuation approach

The Banks adopted a multi-criteria approach and looked at three bases for the valuation (valuation references): (i) the Lafarge share price, (ii) the value of the Lafarge share, obtained through transparency by multiplying the exchange ratio applied in the public exchange offer by the LafargeHolcim share price, and (iii) the value of the Lafarge share obtained through transparency by multiplying the exchange ratio applied in the public exchange offer by analysts' target prices for LafargeHolcim. The Banks used estimates derived from two valuation methods: (i) the DCF method, and (ii) the listed peers method.

In light of the above, the valuation approach adopted by the Bank appears to have been very similar to our own. In fact, the only notable difference is that we question the pertinence as a valuation reference of the Lafarge share price since the closing of the re-opened public exchange offer. This is because we considered the market for the share to have become fairly illiquid, even though, as the Banks remark, the volume of daily trades (down sharply since the Offer closed) over the past few months represents a similar percentage of free float (also significantly down) to that observed prior to the Offer.

While the references and methods considered by the Banks and in our work are fairly similar, there is a major difference in the way in which we implement the two valuation methods applied.

Given the significance of the synergies expected from the merger, we used an approach based on a separate valuation of the business on a stand-alone basis and of the additional value represented by the synergies. Our objective in implementing these two valuation methods is to obtain a range of estimates of the value of the business on a stand-alone basis, to which will then be added a single (separate and explicit) estimate of the portion of the synergy value attributable to Lafarge shareholders.

In contrast, the objective for the Banks is to directly obtain an estimate of the value of the business including the portion of the synergy value attributable to Lafarge shareholders. The approach adopted depends in this case on the valuation method concerned.

- In the DCF method, the annual cash flows forecast in the business plan on a stand-alone basis and the normative cash flows used to determine terminal value are revised upwards. Annual cash flows are revised based on estimated annual synergies and expected implementation costs, while normative cash flows are revised based on the estimated recurring amount of synergies expected over the business plan period, less a discount to reflect the fact that the recurring synergies will have disappeared after a period of ten years rather than persist over an indefinite period as the stand-alone normative cash flows.
- In the listed peers method, the EBITDA amount used for valuation corresponds to the one in the business plan on a stand-alone basis, increased by an amount equal to that taken into account in the DCF method to adjust normative cash flows.

Under these circumstances, the additional value implicitly added in respect of the synergies in the DCF method differs from that taken into account in the listed peers approach.

For these various reasons, we question the approach chosen by the Banks to incorporate the expected impacts of the merger in their valuation of Lafarge shares. Further, the approach chosen makes it difficult to compare, for each method, estimates of the Lafarge share price obtained by the Banks with our own estimates.

4.2. Implementing the valuation methods

Although we are unable to give a simple explanation of the differences observed between the estimates obtained by the Banks and our own estimates, it is possible to identify certain positive or negative biases relating to the different ways chosen to take the synergies into account and to implement the two valuation methods selected.

In terms of synergies, we explained above the reasons which led us to prefer published information about the business plan which was provided to us by Lafarge management in connection with our assignment. The Banks' decision to refer only to management's business plan, to apply a 25% discount to the amounts forecast in this plan, to use a 15-year forecast period before the impact of the synergies disappears (compared with a 23-year period in our work), and to use a single rate equal to Lafarge's cost of capital to discount the various synergy components (cost and revenue synergies) creates a significant negative bias, since the portion of synergies implicitly included by the Banks in the value of the Lafarge shares is well below the portion explicitly included in our work. This negative bias, which appears in both the DCF and listed peers methods, is probably the reason for much of the difference observed in the estimates obtained by the Banks and our own estimates.

In terms of implementing the valuation methods, the similarity of the amounts taken into account in the Banks' work and in our own work to obtain equity value from the value of the business (including the synergies) actually conceals significant variances which cancel each other out. The variances generated by the difference in the treatment of the book value of minority interests and equity-accounted investments is mostly offset by the treatment of potential tax savings arising on tax loss carryforwards. The book value of minority interests and equity-accounted investments is systematically revalued in our work based on different PBRs, while the Banks only revalue listed minority interests and equity-accounted investments based on market prices. The aforementioned tax savings are reflected in our work in the adjustments made to the enterprise value and are therefore incorporated in the estimates derived from the two valuation methods used (DCF and listed peers methods). Based on our discussions with the Banks and the Company, we understand that in their work, the Banks explicitly include these savings in the estimates derived from the DCF method by taking into account an appropriate tax rate to determine free cash flows, and implicitly include the savings in the estimates resulting from the listed peers method in a definition of the adjustments made to the enterprise value identical to that used in the DCF method.

5. Conclusion

This independent report was prepared in connection with the squeeze-out procedure initiated by LafargeHolcim for the Lafarge shares it does not already own following the public exchange offer which opened on 1 June 2015. The purpose of this report, which was prepared further to a request by the Lafarge Board of Directors in accordance with market regulations, is to deliver an opinion on the fairness for Lafarge minority shareholders of the €60.0 per-share price proposed by LafargeHolcim ("Compensation Price").

In the specific context of this squeeze-out procedure, we indicated above the two conditions to be met for the Compensation Price to be considered as fair:

- (i) The Compensation Price must take due account of the value of Lafarge's business at the date of the Transaction, before factoring in the impacts of the merger.
- (ii) The Compensation Price must factor in a fair percentage of the synergies expected from the merger. To ensure the fair treatment of all shareholders, this percentage should be equal to that attributable to the Lafarge shareholders having tendered their shares, subject to a discount to reflect the timing of the synergies and the risk that they may not materialise.

Among the Fair Price references and estimates, we favour (i) the estimates resulting from the DCF method, i.e., a Fair Price range of €56.8 to €66.7, and (ii) the reference based on the value of the Lafarge share inferred by transparency from the LafargeHolcim share price, i.e., a Fair Price range of €57.4 to €63.3. We also consider that despite a low level of liquidity, the latest listed price for the Lafarge share, i.e., €57.37 at the close of trading on 4 September 2015, represents a minimum for calculating the Compensation Price.

On these bases, we consider that the Compensation Price of €60.0 proposed by LafargeHolcim in the context of the squeeze out procedure is fair for Lafarge minority shareholders.

Paris, 10 September 2015

Bruno Husson

Henri Philippe

6 Reasoned Opinion of Lafarge Board of Directors

The Board of Directors of Lafarge was held on 11 September 2015, under the chairmanship of Mr. Eric Olsen, Chairman of the Board, to examine the Squeeze-Out and issue a reasoned opinion on the interest and the consequences of the Squeeze-Out on the Company, its shareholders and its employees.

The following Directors were present: Mr. P. Charrier, Mr. J. Gallardo, Mr. I. Gallienne, Ms. M. Gerowin, Mr. J. Guiraud, Mr. L. Jeanneney, Mr. E. Olsen, Ms. H. Ploix, Mr. B. Prot, Mr. M. Rollier, Mr. E. Simandl and Ms. V. Weill. Messrs. O. Fanjul and G. Lamarche and Ms. C. Ramon sent apologies for their absence.

The reasoned opinion of the Board of Directors issued on 11 September 2015 is as follows:

*“ The Chairman explains that the Board of Directors was convened in order to examine the squeeze-out (the **Squeeze-Out**) that LafargeHolcim Ltd (**LafargeHolcim**) intends to file with the Autorité des marchés financiers (the **AMF**) in respect of the remaining outstanding Lafarge shares and to deliver a reasoned opinion (avis motivé) in this respect. The Squeeze-Out is proposed to be effected at a price of €60 per Lafarge share (the **Cash Indemnification**).*

*As an alternative to the Squeeze-Out, the Lafarge shareholders will be offered to exchange ten (10) Lafarge shares for 9.45 LafargeHolcim shares (the **Exchange Option**). This Exchange Option is in furtherance to the intent expressed by Holcim Ltd (now LafargeHolcim) in the document relating to the exchange offer (the **Offer**) and is a further extension of the benefit of the Offer, adjusted to take into account the scrip dividend distributed to the LafargeHolcim shareholders on 10 September 2015 and the corresponding increase in the number of LafargeHolcim shares in order to maintain the same economic terms.*

The Chairman reminds the members of the Board of Directors of the successful results of the Offer and that following the settlement and delivery of the re-opened offer, the AMF has announced that LafargeHolcim was holding 278,131,864 Lafarge shares, representing 96.41% of the share capital and at least 95.25% of the voting rights³³ of Lafarge.

The Chairman informs the Board of Directors that as at 31 August 2015, LafargeHolcim was holding 96.41% of the share capital and at least 95.79% of the voting rights³⁴ of Lafarge.

The Lafarge shares which have not been tendered to the Offer (or the re-opened offer) represent less than 5% of the share capital and voting rights of Lafarge and, as a

³³ Based on the total number of Lafarge shares outstanding as of July 29 2015: 288,474,712 Lafarge shares representing no more than 291,990,114 voting rights. The number of voting rights was an estimate taking only partially into account the loss of double voting rights attached to the Lafarge shares tendered.

³⁴ Based on the total number of Lafarge shares outstanding as of August 31, 2015: 288,492,375 Lafarge shares representing 290,344,390 voting rights.

consequence, LafargeHolcim issued a press release on 4 August 2015 whereby it announced its decision to launch a Squeeze-Out for the remaining Lafarge shares. LafargeHolcim intends to file the Squeeze-Out with the AMF on 14 September 2015.

The Chairman informs the Board of Directors that as a consequence of the Squeeze-Out, the Lafarge shares will be delisted from Euronext Paris.

He adds that the Squeeze-Out will facilitate the further integration of Lafarge within the LafargeHolcim group allowing to foster the implementation of contemplated synergies.

He further reminds the Board of Directors that Mr. Bruno Husson and Mr. Henri Philippe from Accuracy were appointed by the Board of Directors on 28 July 2015 as independent expert in accordance with the provisions of article 261-1 II of the AMF General Regulations, in order to deliver a report including a fairness opinion (attestation d'équité) on the financial conditions of the Squeeze-Out.

The Board of Directors has also taken the following into consideration:

- (a) the decision of the shareholders meeting of Holcim Ltd on 8 May 2015 authorizing an authorized share capital of a maximum of 132,118,700 new Holcim Ltd shares for the re-opened offer and the Squeeze-Out;
- (b) the draft joint squeeze-out document (projet de note d'information conjointe) prepared by LafargeHolcim and Lafarge, including the valuation analysis prepared by UBS and Société Générale acting as presenting banks in connection with the Squeeze-Out and the report from the independent expert.

Based on the report of the independent expert, the Board of Directors acknowledges that when considering the Cash Indemnification offered in the Squeeze-Out to the Lafarge shareholders:

- the independent expert considered that in the specific context of the Squeeze-Out, the two conditions to be met for the proposed Cash Indemnification to be considered as fair are as follows:
 - the Cash Indemnification must take due account of the value of Lafarge's business at the date of the Squeeze-Out, before factoring in the impacts of the merger (the **Enterprise Value on a stand-alone basis**);
 - the Cash Indemnification must factor in a fair percentage of the synergies expected from the merger (the **Synergy Value**). To ensure the fair treatment of all shareholders, this percentage should be equal to that attributable to the Lafarge shareholders having tendered their shares, subject to a discount to reflect the timing of the synergies and the risk that they may not materialise;
- the independent expert also considered that the Cash Indemnification may be considered fair provided that it falls within the range of estimates of the fair price of Lafarge shares (the **Fair Price**) resulting from the estimated fair value of Lafarge equity;
- its valuation work was performed using a multi-criteria approach
- the independent expert preferred valuation approaches that allowed to estimate the fair value of equity by separately valuing its three components, i.e.: Enterprise Value on a stand-alone basis, the Synergy Values, and the value of net debt. By default, the independent expert has also examined the valuation references available for the Lafarge share that factor in the expected impacts of the merger (i.e., a percentage of the overall synergies), and which therefore do not allow for a

reliable, explicit measurement of the three components of the fair value of the group's equity;

- *the report shows that among the Fair Price references and estimates, the independent expert has favoured (i) the estimates resulting from the DCF method, i.e., a Fair Price range of €56.8 to €66.7, and (ii) the reference based on the value of the Lafarge share inferred by transparency from the LafargeHolcim share price, i.e., a Fair Price range of €57.4 to 63.3. The independent expert has also considered that despite a low level of liquidity, the latest listed price for the Lafarge share, i.e., €57.37 at the close of trading on 4 September 2015, represents a minimum for calculating the Cash Indemnification.*

On these bases, the independent expert considers that the Cash Indemnification of €60 proposed by LafargeHolcim in the context of the Squeeze-Out procedure is fair for Lafarge minority shareholders.

Finally, the Board of Directors has reviewed the consequences of the Squeeze-Out on the employees and former employees (and executive officers) of the Company and acknowledges the following:

- *First, employees and former employees (and executive officers) will be granted the right to enter into a liquidity agreement with LafargeHolcim whereby they will have the right and the obligation, during a defined period of time and under certain conditions, (i) to exchange certain Lafarge shares they hold or will hold for LafargeHolcim shares based on the 0.945 exchange ratio (as amended from time to time to take into account certain transactions impacting the capital or the equity of Lafarge or LafargeHolcim) or (ii) to sell such shares to LafargeHolcim for a cash amount determined on the basis of the 0.945 exchange ratio (as amended from time to time to take into account certain transactions impacting the capital or the equity of Lafarge or LafargeHolcim), as detailed in the draft joint squeeze-out document. The choice between the exchange and the sale alternative will be at the sole discretion of LafargeHolcim.*
- *Second, Lafarge performance shares definitively allotted to employees and former employees (and executive officers) will be:*
 - *targeted by the Squeeze-Out, unless they are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 (as far as Lafarge performance shares definitively allotted are concerned, only those that are still the subject of a holding period on the implementation date of the Squeeze-Out may be covered by the liquidity mechanism); and/or*
 - *subject to applicable laws and restrictions, eligible to the Exchange Option provided that they are no longer subject to a holding period.*
- *Third, Lafarge shares issued following the exercise of such Lafarge stock options granted to employees and former employees (and executive officers) will be:*
 - *targeted by the Squeeze-Out if the exercise of such Lafarge stock options occurs at the latest two (2) trading days immediately preceding the implementation date of the Squeeze-Out; and/or*
 - *subject to applicable laws and restrictions, eligible to the Exchange Option if the exercise occurs before the closing of the Exchange Option exercise period.*

- *Fourth, employees (and former employees) who are shareholders of the Company through the Lafarge LEA group savings plan will receive the Cash Indemnification and will not be eligible, for those Lafarge shares, to the Exchange Option.*

Based on the foregoing and after discussion, the Board of Directors unanimously approves the proposed Squeeze-Out under the terms and conditions set forth in the above-mentioned documents and determines that the Squeeze-Out is in the best interests of Lafarge, its shareholders and its employees.

The Board of Directors notes, based on the LafargeHolcim share price at the time of closing of trading on Euronext Paris on September 11, 2015, i.e., €52.33 per LafargeHolcim share, that the counter-value of the Exchange Option as at that date was €49.45 per Lafarge share, representing an 18% discount compared to the Cash Indemnification offered in the Squeeze-Out. Lafarge shareholders should assess the LafargeHolcim share price and the tax treatment applicable (as summarized in paragraph 2.8 of the draft joint squeeze-out document and after consulting their tax advisors) before tendering their Lafarge shares to the Exchange Option”

7 Information Relating to LafargeHolcim and Lafarge Made Available to the Public

Lafarge shareholders can find additional information relating in particular to the legal, financial and accounting aspects of LafargeHolcim and Lafarge in (i) the “Regulated Information” section of the LafargeHolcim website (<http://www.lafargeholcim.com/regulated-information>) and (ii) the “Financial Documents” section of the Lafarge website (<http://www.lafarge.com/en/financial-documents>).