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Press release

Paris, February 20, 2009

Euronext Paris: LG

RESULTS AS OF DECEMBER 31, 2008

LAFARGE ACHIEVES RECORD OPERATING RESULTS IN 2008
4TH QUARTER IMPACTED BY ECONOMIC SLOWDOWN
EXCELLENCE 2008 TARGETS EXCEEDED

LAFARGE ANNOUNCES A DYNAMIC €4.5 BN ACTION PLAN TO STRENGTHEN FINANCIAL STRUCTURE INCLUDING A €1.5 BN RIGHTS ISSUE

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on February 19, 2009 to approve the accounts for the financial year ended December 31, 2008 and the 2009 action plan to strengthen financial profile, and to call for an EGM on March 31st.

FULL YEAR KEY FIGURES: CURRENT OPERATING INCOME UP 9% AND FREE CASH FLOW INCREASED 22%

▪ Sales up 8% to €19,033 million up 14% at constant exchange rate ▪ Current operating income up 9% to €3,542 million up 14% at constant exchange rate ▪ Operating margin up 20bp to 18.6%	▪ Net income Group Share increased 3% to €1,713 million excluding one-off items (1) ▪ Net earnings per share declined 8% to €8.87 excluding one-off items (1) ▪ Free cash flow up 22% to €2,113 million ▪ Net debt at €16,884 million ▪ Dividend of €2 per share, subject to AGM approval

(1) Excluding the impact in 2007 of the disposal of the Roofing business and our Cement and Aggregates & Concrete operations in Central Anatolia, Turkey, and in 2008 the disposal of the Lafarge Titan joint venture in Egypt, the Gypsum legal provision adjustment and goodwill write-off.

FOURTH QUARTER KEY FIGURES: LOWER VOLUMES, FREE CASH FLOW INCREASED 18%

▪ Sales up 7% to €4,647 million up 11% at constant exchange rate ▪ Current operating income down 6% to €753 million down 3% at constant exchange rate ▪ €250 million goodwill write-off	▪ Net income Group share declined 25% to €293 million excluding one-off items(1) ▪ Net earnings per share down 34% to €1.50 excluding one-off items(1) ▪ Free cash flow up 18% to €1,022 million ▪ Net debt down €900 million in the quarter

BRUNO LAFONT, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF LAFARGE, SAID:

"Despite the deterioration of our markets in the fourth quarter, Lafarge achieved a strong operational performance in 2008 and continued to outperform the sector. Our organization continues to be very proactive and has already implemented forceful actions to manage costs and capital spending, with a strong focus on cash flow generation.

In the context of an unprecedented financial and economic environment, our objective is to rapidly reduce our debt in 2009. The action plan we are announcing today, comprised of assertive operational measures and a rights issue, is aimed at reducing our debt, strengthening our financial structure, bolstering our sector leadership and positioning the Group to benefit from the recovery. The support of our two largest shareholders is a strong sign of confidence in the strategy and the future of our Group.

A dividend of €2 per share, representing 25% of our earnings, shows our commitment to our shareholders in the current situation.

Key demographic indicators and infrastructure needs over the next decade remain very positive for our industry. I am fully convinced that with our sound and highly cash generative business model and our excellent geographical portfolio, Lafarge is ideally positioned to lead our sector in meeting these opportunities."

OUTLOOK FOR 2009

The global economic crisis and the high level of uncertainty make forecasting difficult. Government stimulus plans which should help restore confidence and spur growth are very good news and all include large infrastructures projects. They should have a significant impact on most of our markets in 2010 and a more limited one in 2009. For 2009, we currently expect cement volumes in Lafarge's markets to be down 0 to 3% overall, with significant declines for developed economies and with slower growth in emerging economies. Volume decreases are expected to put pressure on margins but pricing should remain firm overall. Our own actions will contribute to mitigating the impact of lower volumes.

A €4.5 BN PACKAGE OF ASSERTIVE MEASURES TO STRENGTHEN FINANCIAL STRUCTURE IN 2009

In today's difficult financial and economic environment, this platform of measures will allow Lafarge to strongly enhance its financial structure during the course of the first half of 2009 and to demonstrate once again its strong commitment to a solid investment grade rating.

LAFARGE FURTHER INCREASES OPERATIONAL EFFORTS UP TO €1.6 BN TO ENHANCE CASH FLOW GENERATION

- Lafarge will increase its cost cutting initiative in 2009 from €120M to €200M, as part of the €400M program to be achieved over a three year period from 2009 to 2011. Already €420M of annual recurring savings were achieved in 2008 compared to 2005.
- Lafarge will further reduce capital expenditure by 200M€ to €1.8 bn in 2009, a 40% reduction from 2008.
- Lafarge will target a minimum of €1.0bn of divestments in 2009, following the €615M achieved in 2008.
- Lafarge will extend actions on working capital to generate €200M of additional cash flow in 2009.

LAFARGE STRENGTHENS ITS BALANCE SHEET: € 1.5 BN RIGHTS ISSUE AND A €400 M REDUCTION IN DIVIDEND

- Lafarge announces its intention to proceed with a fully underwritten € 1.5bn rights issue. Groupe Bruxelles Lambert and NNS Holding, its two major shareholders, have each committed to subscribe their prorata shares, which would represent € 0.5bn. The rights issue is subject to authorization by Lafarge's shareholders, who will convene at an Extraordinary General Meeting to be held on March 31st.
- Reflecting the current difficult environment, Lafarge proposes a dividend of €2 per share for its shareholders, exceptionally reducing it by € 0.4bn in total (subject to shareholders' approval).

STRONG LIQUIDITY POSITION: A NEW €1.0 BN BANKING FACILITY TO PROVIDE ADDITIONAL FLEXIBILITY

- New € 1 bn banking facility has been secured for a period of two years.
- This will reinforce Lafarge's strong liquidity position, with €1.6bn in cash as of December 31, 2008 and €2.1bn of available confirmed credit lines with an average maturity of over three years.

DEBT RESTRUCTURING

- Lafarge intends to proceed with the early repayment of the A1/A2 tranches related to the Orascom acquisition totalling €2.6bn by the end of June 2009, therefore removing the related covenant. This will durably secure the Group's financial structure, with no major debt maturity before 2011.
- Overall, Lafarge intends to reduce its debt significantly by the end of 2009.

GROUP HIGHLIGHTS FOR THE FULL YEAR 2008

- Excellence 2008 targets exceeded, with €420M cost reductions achieved in 2008 compared to 2005, against a target set at €340M in 2006. Average annual Earnings Per Share growth of 12% was achieved between 2005 and 2008, exceeding the 10% commitment (excluding one-offs).
- Current operating income increased 9% for the year (+14% at constant exchange rate), benefiting from a well balanced geographic portfolio. It increased by 44% in emerging markets, which account for 60% of the Group current operating income in 2008.
- Cement operating margin improved by 120bp to 25.3% in 2008, reflecting operational excellence.
- Pricing improved in the context of higher input costs.
- Contribution from the Orascom acquisition of slightly over US$ 1 billion in EBITDA for 2008.

GROUP HIGHLIGHTS FOR Q4 2008

- Accelerating economic slowdown and poor weather conditions negatively impacted 4th quarter volumes while pricing remained solid.
- In Cement, despite volumes being down 9% overall, with strong deterioration experienced in Spain, the UK and the US, operating margin only declined 80bp to 23.7%.
- Aggregates & Concrete operating margin declined 430bp due to a large presence in developed markets, where volumes decreased significantly. Volumes of value-added products increased despite overall volume declines in developed markets.
- Cash flow generation contributed to reduce debt by €900 M in the 4th quarter.
- €250M goodwill write-off (essentially Cement UK; US).

CONSOLIDATED ACCOUNTS

(€m)	FULL YEAR			FOURTH QUARTER		
	2007	2008	Variation	2007	2008	Variation
Sales	17,614	19,033	+ 8%	4,335	4,647	+ 7%
Current operating income	3,242	3,542	+ 9%	800	753	- 6%
Operating margin (%)	18.4%	18.6%	+ 20 bp	18.5%	16.2%	- 230 bp
Net income Group share	1,909	1,598	nm	375	40	nm
Excluding one-off items[1]	1,662	1,713	+3%	389	293	-25%
Earnings per share (€) [2]	€11.05	€8.27	nm	€2.19	€0.19	nm
Excluding one-off items [1][2]	*€9.62*	*€8.87*	*-8%*	*€2.27*	*€1.50*	*-34%*
Free cash flow	1,726	2,113	+22%	864	1,022	+18%
Group net debt	8,685	16,884	+94%			

[1] *Excluding the impact in 2007 of the disposal of the Roofing business and our Cement and Aggregates & Concrete operations in Central Anatolia, Turkey, and in 2008 the disposal of the Lafarge Titan joint venture in Egypt, the Gypsum legal provision adjustment and goodwill write-off.*
[2] *Basic average number of shares outstanding of 193.2 million in 2008, compared to 172.7 million in 2007.*

CURRENT OPERATING INCOME

(€m)	FULL YEAR			FOURTH QUARTER		
	2007	2008	Variation	2007	2008	Variation
Cement	2,481	2,964	+ 19%	621	662	+ 7%
Aggregates & Concrete	721	623	- 14%	190	127	- 33%
Gypsum	116	36	- 69%	19	(4)	nm
Other	(76)	(81)	nm	(30)	(32)	nm
TOTAL	**3,242**	**3,542**	**+ 9%**	**800**	**753**	**- 6%**

HIGHLIGHTS BY BUSINESS

CEMENT: SOLID PERFORMANCE AND STRONG RESILIENCE

- Sales up 14% over the year and up 10% in the fourth quarter (+ 7% and - 1% respectively at constant scope and exchange rates).
- Current operating income up 19% over the year and up 7% in the fourth quarter (+ 6% and - 9% respectively, at constant scope and exchange rates).
- Operating margin up 120bp to 25.3% in 2008 from 24.1% the previous year, reflecting operational excellence in our activities. Down from 24.5% to 23.7% in the 4th quarter.
- Solid growth from a balanced geographic portfolio of assets. Current operating income in emerging markets increased by 50% for the full year and 40% in the 4th quarter.
- Strong contribution from Orascom Cement, consolidated since the end of January 2008, supported by strong market growth.
- Improved pricing at a time of higher energy and transport costs through most of the year.
- Positive impact of the cost-cutting program in all regions.

AGGREGATES AND CONCRETE: SIGNIFICANT VOLUME DECLINES IN DEVELOPED MARKETS

- Sales flat over the year and up 6% for the fourth quarter. Volumes down in developed markets. Solid pricing.
- Current operating income down 14% over the year and 33% in the fourth quarter, reflecting the large presence in developed markets where volumes declined significantly.
- Operating margin down from 10.9% in 2007 to 9.5% in 2008 and from 11.6% to 7.3% in the fourth quarter.
- Bolstered by Lafarge's innovation strategy, value-added concrete products accounted for 24% of volumes for 2008, versus 20% in 2007, and contributed to mitigate the impact of volume slowdown.

GYPSUM: TOUGH MARKET CONDITIONS IN THE UNITED STATES

- Sales -2% over the year and -3% for the quarter.
- Current operating income declined for both the year and fourth quarter.
- Market conditions were still very difficult in the United States due to the downturn in the housing market, with some slowing also seen in Western Europe.

INVESTMENTS AND DIVESTMENTS

- Sustaining capital expenditure declined to €887 million for 2008 (€976 million in 2007).
- Development capital expenditure to increase production capacity totaled €1,898 million in 2008, compared to €991 million in 2007.
- Acquisitions totalled €9.3 billion and consisted mainly of the acquisition of Orascom Cement, effective as of January 23, 2008.
- Disposals amounted to €615 million, primarily relating to the sale of the 50% stake in the Lafarge Titan joint venture in Egypt and the sale of Lafarge's cement, aggregate and concrete operations in Italy.

RECOMMENDATIONS AFEP-MEDEF

- During its meeting on February 19 2009, the Board of Directors made some decisions relating to the Afep-Medef recommendations on Executive Directors pay. These decisions are summarized on the Group's website and will be published in the 2008 Annual Report.

ADDITIONAL INFORMATION

Practical information: Analyst meeting and Press Conference

Press conference
A press conference will be held at 9:30 AM CET at the Pavillon Gabriel, 5 avenue Gabriel, 75008 Paris.
The press conference will be hosted by Bruno Lafont, Chairman and CEO and Jean-Jacques Gauthier, Chief Financial Officer.
The presentation may be followed via a teleconference. It will be made in French with simultaneous English translation based on slides that can be downloaded from the Lafarge website (**www.lafarge.com**).
- Dial in (in French): +33 (1) 70 99 42 73
- Dial in (in English): +44 (0)20 7138 0844

Analyst meeting
There will be **an analyst presentation at 11:30 CET** at the Pavillon Gabriel, 5 avenue Gabriel, 75008 Paris. The presentation will be made in English with simultaneous French translation based on slides that can be downloaded from the Lafarge website (**www.lafarge.com**).

The presentation may be followed via a live web cast on the Lafarge website as well as via teleconference:
- Dial in (France): +33 (0)1 70 99 42 75
- Dial in (UK or International): +44 (0)20 7138 0826
- Dial in (US): +1 212 444 0481

Please note that in addition to the web cast replay, a conference call playback will be until the 28th of February 2009 midnight at the following numbers:
- France playback number: +33 (0)1 71 23 02 48 (pin code: 1348515#)
- Dial in (UK or International): +44 (0)20 7806 1970 (pin code: 4272678#)
- Dial in (US): +1866 239 0765 (code: 4272678#)

NOTES TO EDITORS

Lafarge is the world leader in building materials, with top-ranking positions in all of its businesses: Cement, Aggregates & Concrete and Gypsum. With more than 83,000 employees in 78 countries, Lafarge posted sales of Euros 19.0 billion in 2008.
In 2009 and for the fifth year in a row, Lafarge was listed in the 'Global 100 Most Sustainable Corporations in the World'. With the world's leading building materials research facility, Lafarge places innovation at the heart of its priorities, working for sustainable construction and architectural creativity.

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