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Press release

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INNOVATION AND PERFORMANCE ACTIONS TO GENERATE AT LEAST €1,750 MILLION EBITDA FOR THE FOUR YEARS FROM 2012 THROUGH 2015

REINFORCE FINANCIAL STRUCTURE BY REDUCING NET DEBT TO BELOW €10 BILLION AS SOON AS POSSIBLE IN 2013

Following the implementation of its new organization, the Group today announced its 2012 to 2015 plan to drive growth in sales, cash generation, and return on capital employed through innovation, performance actions, and dynamic portfolio management. This plan fully supports the Group's short-term objectives to significantly reduce debt and reinforce its financial structure. The actions also further drive the Group's industry leadership position for customer solutions and operational performance.

The guidance already announced for 2012 for market volume growth, pricing, cost savings, capital expenditures, and divestments remains unchanged.

PLAN HIGHLIGHTS

- Cost savings of €1,300 million over four years, 2012 to 2015, of which at least €400 million in 2012 and at least €350 million in 2013.
- Sales growth and higher margins generating EBITDA improvement of at least €450 million by extracting more value from existing locations through innovative products and solutions, deeper penetration into specific market segments, services, and commercial excellence.
- Net debt targeted to fall below €10 billion as soon as possible in 2013 through cash generation measures and dynamic portfolio management. No later than 2015, the Group plans to achieve a ratio of cash flows from operations to net debt of 28% to 30%.
- Our innovation and cost savings actions, combined with less intensive capital expenditures, and dynamic portfolio management with no major acquisitions, is targeted to increase Return on Capital Employed after tax to above 8 percent in 2015.

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

"The plan we are presenting today will quickly drive higher returns for our shareholders, significantly strengthen our financial structure, and shows our clear leadership ambition.

Our main growth avenue in the coming years will clearly be to extract maximum value from our current asset positions. During the recent past we have built a balanced portfolio of high quality assets weighted to growth markets. We will penetrate these markets more deeply by addressing the changing needs of customers by introducing new innovative products, new construction solutions, and higher levels of service. Also, through productivity improvements and less intensive capital expenditures, we expect to generate higher returns from these existing positions.

While we anticipate a demanding economic environment, we are confident that the actions we are taking will help drive sales, cash flows and returns."

A €1,300 million cost reduction program from 2012 through 2015

We have undertaken a detailed review to identify areas for additional cost reductions over the next several years. The new management structure of the Group creates a more efficient organization and allows us to build on our past knowledge and successes to accelerate future cost savings. Higher energy savings through alternative fuels, increased savings from new programs to manage electricity, and productivity improvements represent some of the areas of acceleration. We have targeted a cumulative €1,300 million in savings for the four years from 2012 through 2015. Of the total, at least €400 million of savings are planned for 2012 and at least €350 million for 2013.

An innovation program to generate at least €450 million additional EBITDA from 2012 through 2015

Our sales growth will come from extracting more value from our existing markets. Given the evolving needs of construction today due to rapid urbanization, sustainable development concerns, and climate change, Lafarge is accelerating the introduction of innovative products, solutions, and services to meet these needs. With the new innovation function, we will extend our offerings in our current markets to capture higher margins and volumes. The program is targeted to add at least €450 million cumulative additional EBITDA for the four years from 2012 through 2015.

Less intensive capital spending

Since the beginning of 2006 the Group has strengthened its local positions through 40 million tons of internal development in growth markets. In 2008 it entered the highly profitable markets in the Middle East and Africa. The Group's portfolio today is spread across the right growth locations to follow market growth with less capital intensity.

Accelerated performance productivity actions and higher use of cementitious products are expected to bring an additional 13 to 15 million tons of additional output from existing plants with minimal capital expenditures. Our positions also allow us to create growth through more capital efficient brownfield projects.

A strong financial structure

Lafarge is determined to rapidly grow returns and reinforce its financial structure. Our first priority as to capital allocation is to reduce debt in order to strengthen our financial ratios and we target net debt to be below 10 billion euros as soon as possible in 2013. All our actions will contribute to higher cash generation, improved returns, and cash flow from operations to net debt of 28% to 30% no later than 2015.

Increasing returns on capital employed after tax above 8% in 2015

These actions, along with our dynamic portfolio management, will serve as the foundation for achieving a targeted Return on Capital Employed after tax of above 8% in 2015. This return assumes that the economic environment remains challenging and that improvement comes only from our actions.

ADDITIONAL INFORMATION

The analyst day presentation is available on the Lafarge Website: www.lafarge.com

NOTES TO EDITORS

Located in 64 countries with 68,000 employees, **Lafarge** is a world leader in building materials, with top-ranking positions in its Cement, Aggregates & Concrete businesses. In 2011, Lafarge posted sales of 15.3 billion euros.
For the second year in a row, Lafarge ranked amongst the top-10 of 500 companies evaluated by the "Carbon Disclosure Project" in recognition of their strategy and actions against global warming. 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.
Additional information is available on the web site at **www.lafarge.com**

Important disclaimer - forward-looking statements:
This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential. Although Lafarge believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of Lafarge, including but not limited to the risks described in the Lafarge's annual report available on its Internet website (www.lafarge.com) and uncertainties related to the market conditions and the implementation of our plans. Accordingly, we caution you against relying on forward looking statements. Lafarge does not undertake to provide updates of these forward-looking statements.
More comprehensive information about Lafarge may be obtained on its Internet website (www.lafarge.com), including under "Regulated Information" section.
This document does not constitute an offer to sell, or a solicitation of an offer to buy Lafarge shares.

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