Management Report at December 31, 2009

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1. Consolidated key figures

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on February 18, 2010 and approved the accounts for the period ended December 31, 2009.
The statutory auditors have completed their audit on the consolidated financial statements. Their report is in the process of being issued.

Hereinafter, and in our other shareholder and investor communications, "current operating income" refers to the subtotal "operating income before capital gains, impairment, restructuring and other" on the face of the Group's consolidated statements of income. This measure excludes from our operating results those elements that are by nature unpredictable in their amount and/or in their frequency, such as capital gains, asset impairments and restructuring costs. While these amounts have been incurred in recent years and may recur in the future, historical amounts may not be indicative of the nature or amount of these charges, if any, in future periods. The Group believes that the subtotal "current operating income" is useful to users of the Group's financial statements as it provides them with a measure of our operating results which excludes these elements, enhancing the predictive value of our financial statements and provides information regarding the results of the Group's ongoing trading activities that allows investors to better identify trends in the Group's financial performance.
In addition, current operating income is a major component of the Group's key profitability measure, return on capital employed (which is calculated by dividing the sum of "operating income before capital gains, impairment, restructuring and other", after tax, and income from associates by the averaged capital employed). This measure is used by the Group internally to: a) manage and assess the results of its operations and those of its business segments, b) make decisions with respect to investments and allocation of resources, and c) assess the performance of management personnel. However, because this measure has limitations as outlined below, the Group limits the use of this measure to these purposes.
The Group's subtotal within operating income may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of capital gains, impairment, restructuring and other amounts excluded from this measure do ultimately affect our operating results and cash flows. Accordingly, the Group also presents "operating income" within the consolidated statement of income which encompasses all amounts which affect the Group's operating results and cash flows.

As the Group's primary segment reporting is business segment as described above, the secondary information is reported geographically with revenue presented by region or country of destination of the revenue.
The Orascom acquisition early 2008 led the Group to review in 2008 the presentation of its geographical information for all periods presented.
This presentation has refined in 2009 for the regions "Middle East" and "Africa" to reflect the evolution in the Group's organization. Both regions are now grouped in a region "Middle East and Africa" and reflected as such for all periods presented. The other geographical regions within the Group remain unchanged: Western Europe, North America, Central and Eastern Europe, Latin America and Asia.

This document may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding the Company's results or any other performance indicator, but rather trends or targets, as the case may be. These statements are by their nature subject to risks and uncertainties, many of which are outside our control, including, but not limited to the risks described in the Company's annual report available on its Internet website (www.lafarge.com). These statements do not reflect future performance of the Company, which may materially differ. The Company does not undertake to provide updates of these statements.

More comprehensive information about Lafarge may be obtained on its Internet website (www.lafarge.com).
This document does not constitute an offer to sell, or a solicitation of an offer to buy Lafarge shares.

Sales

(million euros)	Full year 2009	Full year 2008	% Variance	4th quarter 2009	4th quarter 2008	% Variance
By geographic area of destination						
Western Europe	4,657	6,021	-23%	1,078	1,279	-16%
North America	3,028	4,270	-29%	699	1,091	-36%
Middle East and Africa	4,018	3,984	1%	887	1,120	-21%
Central and Eastern Europe	1,053	1,761	-40%	223	359	-38%
Latin America	791	968	-18%	165	241	-32%
Asia	2,337	2,029	15%	589	557	6%
By business line						
Cement	9,477	10,911	-13%	2,152	2,562	-16%
Aggregates & Concrete	5,064	6,573	-23%	1,172	1,727	-32%
Gypsum	1,334	1,521	-12%	316	357	-11%
Other	9	28		1	1	
TOTAL	***15,884***	***19,033***	***-17%***	***3,641***	***4,647***	***-22%***

Current operating income

(million euros)	Full year 2009	Full year 2008	% Variance	4th quarter 2009	4th quarter 2008	% Variance
By geographic area of destination						
Western Europe	552	981	-44%	114	158	-28%
North America	(2)	429	-	(17)	92	-
Middle East and Africa	1,115	1,014	10%	221	260	-15%
Central and Eastern Europe	281	649	-57%	50	116	-57%
Latin America	158	187	-16%	40	44	-9%
Asia	373	282	32%	86	83	4%
By business line						
Cement	2,343	2,964	-21%	507	662	-23%
Aggregates & Concrete	193	623	-69%	46	127	-64%
Gypsum	38	36	6%	(4)	(4)	-
Other	(97)	(81)		(55)	(32)	
TOTAL	***2,477***	***3,542***	***-30%***	***494***	***753***	***-34%***

Other key figures

(million euros, except per share data)	Full year 2009	Full year 2008	% Variance	4th quarter 2009	4th quarter 2008	% Variance
Net income – Group share (1)	736	1,598	-54%	(38)	40	nm
Excluding one-off items (2)	829	1,713	-52%	98	293	-67%
Earnings per share (in euros) (3)	2.77	7.19	-61%	(0.13)	0.17	nm
Excluding one-off items (2)	3.12	7,70	-59%	0.34	1.30	-74%
Free Cash Flow (4)	2,834	2,113	34%	1,123	1,022	10%
Net Debt	13,795	16,884	-18%			

(1) Net income/loss attributable to the owners of the parent company

(2) Excluding net capital gains on sale of Egypt-Titan JV in Q2 2008, the legal provision adjustment for the 2002 Gypsum case in Q2 2008, the impairment loss on goodwill in Q4 2008, the German cement case in Q2 2009, the settlement of the USG litigation in Q4 2009 and the impairment loss on some cement assets in the Western Europe region in Q4 2009

(3) Earnings Per Share adjusted to reflect the rights issue completed on April 28, 2009 using a 1.1510 factor on the average number of shares for the periods prior to April 28. The adjusted average numbers of shares outstanding are: 222.4m for the period ended December 31, 2008, 265.5m for the period ended December 31, 2009.

(4) Defined as the net operating cash generated by continuing operations less sustaining capital expenditures

2. Results of operations for the year ended December 31, 2009

All data regarding sales, current operating income and sales volumes, include the proportional contributions of our proportionately consolidated subsidiaries.

Group highlights for the year

- Free cash flow of €2,834 million, a 34% improvement.
- Sales down due to lower volumes, foreign exchange, and the scope of operations divested.
- Volume declines slowed in the fourth quarter on a like-for-like basis, despite the impact of adverse weather conditions.
- Emerging markets current operating income rose on a like-for-like basis, excluding Central & Eastern Europe.
- Cement EBITDA margin remained resilient at over 30% for the year.
- Exceeded action plan to strengthen financial structure:
  - Cost reduction above commitment, achieving €230 million in structural savings
  - Capital expenditure reduced by over €1 billion to €1.6 billion
  - €919 million divestments
  - Working capital reduced by more than €1 billion.

Sales

Consolidated sales decreased by 17% to 15,884 million euros from 19,033 million euros in 2008. At constant scope of consolidation and exchange rates, sales dropped by 14% for the full year (-11% in the first quarter, -15% in the second quarter, -16% in the third quarter and -11% in the fourth quarter). This net decrease reflected contrasted trends in the year: sustained market growth in most of our emerging markets (excluding Central and Eastern Europe) and a sharp slowdown in mature markets and Central and Eastern Europe.

Net changes in the scope of consolidation had a negative impact on our sales of 321 million euros or -1% (+3% in the first quarter, +1% in the second quarter, -2% in the third quarter and -6% in the fourth quarter). The full consolidation in 2009 of the Orascom operations (vs. eleven months in 2008) positively contributed to sales, but this effect was more than offset by the impact of the divestitures of our joint-venture with Titan in Egypt, our Italian operations and our Chilean operations (respectively in May 2008, December 2008, and August 2009) and by the deconsolidation of our Venezuelan operations since October 2008 (effective disposal end of September 2009). Our Aggregates and Concrete division benefited from the effect of the consolidation of our newly acquired operations in India but was negatively impacted by the disposal of assets mainly located in North America completed in the first half of the year. Currency impacts were also unfavourable, mostly on the second half of the year. It represented a negative impact of -396 million euros (or -2%) on our sales. The negative impact of the depreciation against the euro of the British pound, the Eastern Europe currencies (Polish zloty, Russian ruble, Romanian lei and Ukrainian hryvnia), the Nigerian naira and the Canadian dollar was only partially offset by the appreciation of the US dollar, the Egyptian pound, the Iraqi dinar and the Chinese renminbi.

Current Operating Income

Current Operating Income decreased by 30%, to 2,477 million euros from 3,542 million euros in 2008.
Scope effects and currency fluctuations negatively impacted Current Operating Income for -43 million euros and -131 million euros respectively. The negative currency fluctuations impacted particularly the third and fourth quarters. At constant scope and exchange rates, current operating income decreased by 26%, mainly reflecting the impact of declining volumes across the Divisions that were only partially offset by strong cost reductions and improved prices overall.

Cement Division benefited from its strong exposure to the more dynamic emerging markets outside of Central and Eastern Europe, which was strongly affected by the economic slowdown. By contrast, Aggregates & Concrete and Gypsum results were hampered by their large exposure to mature markets, particularly North America, Spain and the United Kingdom.

As a percentage of sales, current operating income margin was 15.6% in 2009, compared to 18.6% in 2008, strongly impacted by declining volumes.

Group return on capital employed after tax (using the effective tax rate, adjusted in 2008 for the non-deductible impairment loss on goodwill) is 6.0% compared to 8.8% in 2008, affected by the economic slowdown impact.

Sales and Current Operating Income by segment

Individual Division information is discussed below before elimination of inter-Division sales.

Cement

Sales and Current Operating Income

	Full year				4th quarter			
	2009 (M€)	2008 (M€)	% Variation (%)	% Change at constant scope and exchange rates (%)	2009 (M€)	2008 (M€)	% Variation (%)	% Change at constant scope and exchange rates (%)
Sales before elimination of inter-division sales	10,105	11,720	-14%	-10%	2,288	2,794	-18%	-10%
Current operating income	2,343	2,964	-21%	-18%	507	662	-23%	-16%

Sales

Contribution to our sales by geographic origin of sale for the years ended December 31, 2009 and 2008, and the related percentage change between the two periods were as follows:

	Full year			4th quarter		
	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)
Western Europe	2,104	2,794	-25%	486	604	-20%
North America	1,189	1,568	-24%	260	375	-31%
Middle East and Africa	3,566	3,608	-1%	786	948	-17%
Central and Eastern Europe	795	1,374	-42%	162	269	-40%
Latin America	614	743	-17%	133	165	-19%
Asia	1,837	1,633	12%	461	433	6%
Sales before elimination of inter-division sales	**10,105**	**11,720**	**-14%**	**2,288**	**2,794**	**-18%**

Sales of the Cement Division decreased by 14% to 10,105 million euros in 2009. Currency fluctuations had a negative impact of 295 million euros (or -2.3%) on sales. Changes in the scope of consolidation had a net negative impact of 191 million euros (or -1.4%), resulting primarily from the disposal of our joint-venture with Titan in Egypt and our Italian, Venezuelan and Chilean operations, only partially offset by the full consolidation of Orascom cement operations in 2009 compared to eleven months of activity in 2008.

At constant scope and exchange rates, our sales dropped by 10% for the year and for the fourth quarter. This downturn primarily reflects the impact of strong volume declines in Europe and North America. Emerging markets (with the exception of Central and Eastern Europe) continued to grow throughout the year on a like-for-like basis.

Current Operating Income

Contribution to our current operating income by region for the years ended December 31, 2009 and 2008, and the related percentage change between the periods were as follows:

	Full year			4th quarter		
	2009 (M€)	**2008** (M€)	**Variation 2009/2008** (%)	**2009** (M€)	**2008** (M€)	**Variation 2009/2008** (%)
Western Europe	507	774	-34%	130	146	-11%
North America	24	226	-89%	(1)	46	n.m.
Middle East and Africa	1,048	934	12%	212	234	-9%
Central and Eastern Europe	262	590	-56%	47	108	-56%
Latin America	140	162	-14%	35	40	-12%
Asia	362	278	30%	84	88	-5%
TOTAL	**2,343**	**2,964**	**-21%**	**507**	**662**	**-23%**

Current operating income decreased by 21% to 2,343 million euros in 2009, compared to 2,964 million euros in 2008.
Currency fluctuations had a negative impact of 3% or 111 million euros. Net changes in the scope of consolidation are negligible.

At constant scope and exchange rates, current operating income decreased by 18% for the year and by 16% for the quarter. As a percentage of the Division's sales, current operating income margin declined to 23.2% in 2009, from 25.3% in 2008. Growing markets in the Middle East, Africa and Asia, tight cost control and positive pricing trends overall, despite declines in a limited number of countries, partially mitigated the impact of strong volume declines in Europe and North America. In Europe, improved performance in reducing CO_2 emissions combined with lower volumes allowed the Group to sell 142 million euros of carbon credits in 2009.

Return on capital employed after tax reached 7.3% in 2009 compared to 9.6% in 2008.

Western Europe

Sales

In Western Europe, sales totalled 2,104 million euros, a decrease of 25% compared to 2008. In the last quarter, sales amounted to 486 million euros, compared to 604 million euros in 2008.

At constant scope and exchange rates, domestic sales decreased by 21%, mainly reflecting the sharp decline in volumes in all countries, notably Spain and the United Kingdom. Volumes sold in Western Europe by destination, at 22.6 million tonnes, were down 29% compared with 2008. Domestic volumes, at constant scope, were down 25% compared to 2008. The pace of decrease in our domestic sales progressively reduced in the third and fourth quarters, at 19% and 17% respectively, despite the bad weather conditions in the fourth quarter.

- In France, sales were down 15% due to lower volumes that were partially offset by higher prices.
- In the United Kingdom, domestic sales declined 24%. Pricing gains, in a context of a rise in input costs, partially mitigated the decline in volumes due to the overall market contraction.
- In Spain, domestic sales experienced a drop of 42% due to sharply lower volumes in the context of a significant decline in the Spanish construction sector. While a significant reduction of imports and local capacity occurred, prices still declined.
- In Germany, domestic sales were down 6% due to lower volumes, partially mitigated by higher prices that reflected the increase in energy costs.
- In Greece, the overall economic situation significantly deteriorated in 2009 and impacted the construction market. As a consequence, domestic sales were down 23%.

Current Operating Income

Current operating income in Western Europe declined by 34%, to 507 million euros compared to 774 million euros in 2008. Foreign exchange fluctuations had a slight negative impact (-11 million euros) reflecting mainly the depreciation of the British pound against the euro and the changed due to scope variation was negligible.

At constant scope and exchange rates, 2009 current operating income decreased by 33%.

- In France, cost reduction actions were taken that helped partially mitigate the decline in volumes due to the market slowdown.
- In the United Kingdom, the impact of the sharp decline in volumes was partially mitigated by the mothballing of facilities and optimization of the distribution network.
- In Spain, in a context of sharply declining volumes and lower prices, the impact was partly offset by restructuring actions, limiting subcontractor services, and mothballing assets.
- In Germany, cost reductions actions and price increase did not fully offset the effect of the higher energy costs and the decrease in volumes.
- In Greece, increased operational performance and restructuring partially offset the impact of the steep drop in volumes.

North America

Sales

Sales decreased by 24% to 1,189 million euros compared to 1,568 million euros in 2008, mainly driven by the decline in volumes sold; appreciation of the US dollar against the euro had a positive impact of 51 million euros.

Domestic sales, at constant scope and exchange rates, decreased by 27%, reflecting the low level of residential demand and the slowdown of new commercial work. Volumes in North America experienced a steep decrease of 26%, at 12.7 million tonnes. In the fourth quarter, volumes decreased by 0.9 million tonnes, to 2.9 million tonnes, impacted by market conditions and harsh weather. With respect to geographic mix, volumes declined both in the United States and in Canada (respectively by 27% and 22%).
Prices remained stable overall in local currency.

Current Operating Income

Current operating income in North America declined by 89% to 24 million euros compared to 226 million euros in 2008. At constant exchange rates, current operating income for the year declined by 90%. Tight cost control partially mitigated the impact of declining volumes.

Emerging markets

Sales

Sales from our operations in emerging markets reflected contrasted trends across regions. While the Middle East, Africa and Asia, notably China, and Latin America continued to show solid growth, Central and Eastern Europe was strongly affected by soft markets. Prices improved in most countries, although declines were seen in certain markets due to specific market conditions.

In the Middle East and Africa region, our sales slightly decreased by 1%, to 3,566 million euros, against 3,608 million Euros in 2008, due to a net negative impact of currency fluctuation.

At constant scope and exchange rates, domestic sales increased by 6%. Volumes sold in Middle East and Africa by destination were 44.1 million tonnes, an increase of 4% compared to last year.

- In Egypt, our sales increased by 36% compared to 2008 due to strong domestic demand. Prices increased to reflect the rise in costs, notably in natural gas prices.
- In Algeria, solid growth throughout the year resulted in an increase in domestic sales of 25%.
- In Morocco, the strength of the domestic market combined with price improvement to increase sales by 11% in 2009.
- In Nigeria, our sales did not benefit from a growing domestic market as production output was penalized by energy disruptions. Solid pricing gains in the context of higher input costs partly mitigated the decrease in volumes.
- In Iraq, sales were 18% lower as prices decreased over the year, after having reached a peak level in the fourth quarter 2008.
- In Jordan, price decreases reflected the agreement with the government to move pricing in line with energy costs. Volume declines were experienced due to new entrants into the market in the fourth quarter.
- In Kenya, our domestic sales rose by 7% as both volumes and prices improved.

- In South Africa, the 7% increase in sales was due to higher pricing offsetting the decline in volumes.

Our sales **in Central and Eastern Europe** dropped by 42% in 2009 to 795 million euros from 1,374 million euros in 2008. Depreciation of Eastern Europe currencies against the euro had a negative impact of 210 million euros.

At constant scope and exchange rates, domestic sales decreased by 31% and by 32% in the fourth quarter; after two strong years, these markets were impacted by the contraction in the housing market due to the economic crisis. The bad weather conditions observed during the fourth quarter also lowered the level of sales.

- In Poland, sales declined by 14% due mostly to lower volumes. The extent of volume declines were partially mitigated by additional infrastructure projects.
- In Romania, volumes dropped by 34% due to the decrease in demand from the economic crisis, while prices remained stable.
- In Russia, the economic crisis and imports into the market led to a decline in prices and lower volumes that decreased our domestic sales by 53%.
- In Serbia, the increase in input costs led pricing gains, thus limiting the decline in our domestic sales to 7%.

In Latin America, our sales were down to 614 million euros, declining by 17% year on year, reflecting the disposals of our Venezuelan and Chilean operations. At constant scope and exchange rates, full year domestic sales increased by 3%, and were stable in the fourth quarter.

- In Brazil, sales rose 14%, benefiting from price improvement.
- In Ecuador sales increased 22% due to the benefits from the start of a second production line in good market conditions.
- Honduras sales declined slightly due to the economic and political environment.

In Asia, our operations recorded a sales growth of 12% to 1,837 million euros in 2009.

At constant scope and exchange rates, domestic sales were up 15% compared with 2008, and up 13% in the fourth quarter. Volumes sold in Asia by destination grew by 10%, at 42.3 million tonnes. At constant scope, they grew 11%. Overall, pricing gains were experienced in most of the countries, in a context of a rise in input costs.

- In China, our domestic sales grew by 22% mainly in Sichuan and Yunnan, driven by a dynamic market partially offset by lower prices. In 2008, the earthquake had lowered our sales in Sichuan over a period of 4 to 6 months.
- In India, sales grew 32% due to higher volumes and prices driven by solid market growth in the Northeast Region on the back of robust rural demand and sustained infrastructure works. This demand was captured by our new production line at Sonadih and our grinding station in Mejia.
- In the Philippines, volume growth was led by a strong market in the North Luzon Region, the need for rebuilding after the September typhoons, and by improved industrial performance.
- In South Korea, domestic sales increased by 13% due to pricing improvement.
- In Malaysia, domestic sales decreased by 5% due to lower volumes. Prices rose in relation with the increase in fuel and petcoke prices.

Current Operating income

Current operating income in emerging markets decreased by 8% in 2009 to 1,812 million euros compared to 1,964 million euros in 2008, representing 77% of the Cement Division's current operating income, compared to 66% in 2008. Currency fluctuations had a negative impact of 101 million euros on current operating income, with the largest impact in Romania, Russia, Poland and Nigeria. There was no significant impact of changes in the scope of consolidation.

At constant scope and exchange rate, current operating income decreased by 3%, mostly impacted by the market conditions in Central and Eastern Europe and heightened competition in Iraq, largely offset by robust markets in most of the countries in Africa and Asia. At constant exchange and scope, excluding Central and Eastern Europe, emerging markets current operating income increased 14%.

In Middle East and Africa, current operating income in 2009 increased by 12% to 1,048 million euros compared to 934 million euros in 2008, benefiting from robust markets in most of the countries of the area. On a full year basis, at constant scope and exchange rates, current operating income increased by 10%. In the last quarter, negative currency fluctuations resulted in current operating income decreasing by 9%. At constant exchange rates and scope, current operating income increased by 2% in the fourth quarter.

- In Egypt, solid market trends and price improvement allowed us to deliver strong results despite a strong rise in costs, notably in natural gas prices.
- In Algeria, strong volumes and solid prices improved results.
- In Morocco, current operating income benefited from good volumes and price trends combined with tight cost control.
- In Nigeria, our current operating income did not benefit from a growing domestic market as energy disruptions lowered production output and increased costs.
- In Iraq, operations remained profitable even while prices declined due to increased import competition, which was only partially offset by strong cost control measures.
- In Jordan, lower volumes due to new entrants into the market resulted in a reduction of operating results.
- In South Africa and Kenya, pricing gains offset the increase in input costs.

In Central and Eastern Europe, current operating income significantly decreased by 56% to 262 million euros compared to 590 million euros in 2008, with a very negative impact of currency fluctuations of -90 million euros. In the last quarter, it decreased by 56%.

At constant scope and exchange rates, current operating income decreased by 48% in 2009 and by 52% in the fourth quarter, hit by bad weather conditions.

- In Romania, volume declines resulted in lower current operating income.
- In Poland, lower volumes and higher input costs decreased results.
- In Russia, price declines and steep drops in volumes, aggravated by harsh weather conditions in the last quarter, negatively impacted current operating income.
- In Serbia, increased prices helped to offset lower volumes and increased input costs.

In Latin America, current operating income was down 14% to 140 million euros from 162 million euros in 2008 and down 12% for the fourth quarter, mainly due to the deconsolidation of our Chilean operations from August 2009.

At constant scope and exchange rates, current operating income increased by 4%, both in the year and the fourth quarter.

- Brazil continued to improve through higher prices that were sufficient to absorb increases in energy costs.
- In Honduras and Mexico, current operating income was relatively stable compared to 2008.
- In Ecuador, price improvements offset rising input costs and our new capacity benefited from solid market growth.

In Asia, current operating income strongly increased by 30% to 362 million euros in 2009 from 278 million euros in 2008.

At constant scope and exchange rates, current operating income increased by 31% for the year, and by 6% for the last quarter.

- In Malaysia, despite lower volumes, current operating income was resilient due to price increases that offset higher energy costs..
- In the Philippines, gains in industrial efficiency, prices and volumes largely absorbed the increased fuel and coal prices and improved current operating income.
- In India, good market conditions in the northeast, higher pricing to absorb input cost increases, and new capacity resulted in a significant increase to results.
- In China, the closure of higher cost wet process lines, the strength of the market, and lower energy costs significantly improved operating results.
- In South Korea, higher input costs were mostly offset by price increases.

Aggregates & Concrete

Sales and Current Operating Income

	Full year				4th quarter			
	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)	Variation at constant scope and exchange rates (%)	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)	Variation at constant scope and exchange rates (%)
Sales before elimination of Inter-division Sales	5,067	6,580	-23%	-21%	1,173	1,728	-32%	-16%
Current operating income	193	623	-69%	-66%	46	127	-64%	-54%

Sales

Contribution to our sales by activity and geographic origin for the years ended December 31, 2009 and 2008, and the related percentage change between the two periods were as follows:

	Full year				4th quarter			
	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)	Variation at constant scope and exchange rates (%)	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)	Variation at constant scope and exchange rates (%)
Aggregates & related products	**2,377**	**3,281**	**-28%**	**-21%**	**564**	**833**	**-32%**	**-16%**
of which pure aggregates:								
Western Europe	830	1,014	-18%	-14%	189	211	-10%	-5%
North America	774	1,015	-24%	-26%	197	255	-23%	-19%
Emerging markets	303	378	-20%	-14%	69	112	-38%	-20%
Total pure aggregates	**1,907**	**2,407**	**-21%**	**-19%**	**455**	**578**	**-21%**	**-14%**
Ready-mix concrete & concrete products	**3,032**	**3,740**	**-19%**	**-21%**	**687**	**995**	**-31%**	**-16%**
of which ready-mix:								
Western Europe	1,270	1,586	-20%	-20%	296	358	-17%	-18%
North America	702	964	-27%	-28%	164	231	-29%	-26%
Emerging markets	948	988	-4%	-16%	206	345	-40%	-3%
Total ready-mix concrete	**2,920**	**3,538**	**-17%**	**-21%**	**666**	**934**	**-29%**	**-15%**
Elimination of intra Aggregates & Concrete Division sales	**(342)**	**(441)**	**22.4%**		**(78)**	**(100)**	**22%**	
Total Aggregates & Concrete before Elimination of Inter-division Sales	***5,067***	***6,580***	***-23%***	***-21%***	***1,173***	***1,728***	***-32%***	***-16%***

Sales of the Aggregates & Concrete Division decreased by 23% to 5,067 million euros in 2009 compared to 6,580 million euros in 2008, and by 32%, to 1,173 million euros in the fourth quarter.
Currency fluctuations had a negative impact of 74 million euros for the year and 27 million euros for the last quarter, mainly reflecting the depreciation against the euro of the British pound, the Polish zloty and the Canadian dollar partly offset by the appreciation of US dollar.

For the full year, scope changes had a negative impact on sales of 156 million euros (or -1%), reflecting the negative effect of the divestitures of assets in North America (mostly in June 2009) and our Chilean operations (August 2009) partly offset by the positive effect of our acquired operations in India (October 2008).
At constant scope and exchange rates, sales declined by 21% year-on-year. Solid pricing gains across the product lines could not offset severe volume declines.

Sales of **pure aggregates** decreased by 21% to 1,907 million euros in 2009. Currency fluctuations had a negative impact on sales of 44 million euros, while scope changes are negligible. At constant scope and exchange rates, sales declined by 19%. Aggregates sales volumes in 2009 decreased by 21% to 196.0 million tonnes; at constant scope, sales volumes decreased by 22%.

Sales of **ready-mix concrete** decreased by 17% to 2,920 million euros in 2009. Currency fluctuations had a slight negative impact on sales of 27 million euros while changes in scope of consolidation had a positive impact of 4%. At constant scope and exchange rates, sales declined by 21%. Sales volumes of ready-mix concrete decreased 15% to 37.1 million cubic meters; at constant scope, sales volumes decreased by 23%.

Current Operating Income

Contribution to our current operating income by activity and by region for the years ended December 31, 2009 and 2008, and the related percentage change between the periods were as follows:

	Full year			4th quarter		
	2009 (M€)	**2008** (M€)	**Variation 2009/2008** (%)	**2009** (M€)	**2008** (M€)	**Variation 2009/2008** (%)
Aggregates & related products	112	367	-69%	31	75	-59%
Ready-mix concrete & concrete products	81	256	-68%	15	52	-71%
TOTAL	***193***	***623***	***-69%***	***46***	***127***	***-64%***
By geographic area:						
Western Europe	94	212	-56%	23	24	-4%
North America	18	267	-93%	12	67	-82%
Emerging markets	81	144	-44%	11	36	-69%

Current operating income of the Aggregates & Concrete Division declined 69% to 193 million euros in 2009 from 623 million euros in 2008. Changes in scope had a net negative impact of 41 million euros, and currency fluctuations had a 14 million euros negative impact. At constant scope and exchange rates, current operating income declined by 66% in the year and by 54% in the last quarter.

As a percentage of the Division's sales, current operating income margin declined to 3.8% in 2009, compared to 9.5% in 2008.

Current operating income for aggregates & related products decreased by 69% to 112 million euros in 2009 from 367 million euros in 2008, as the solid pricing gains and the strict control of costs only partially offset the impact of declining volumes.
Current operating income for ready-mix concrete & concrete products was down 68% in the year, at 81 million euros in 2009, from 256 million euros in 2008. The ready-mix & concrete business benefited from solid pricing gains, increasing value generated by innovative products, and strict cost management more than offset by the shortfall in volumes.

Return on capital employed after tax decreased to 2.9% from 9.6% in 2008.

Western Europe

Sales

Pure aggregates sales in Western Europe decreased by 18% to 830 million euros in 2009. Currency fluctuations had a negative impact on sales, reflecting the depreciation of the British pound against the euro. At constant scope and exchange rates, the decrease in sales by 14% reflected mainly a drop in volumes and solid pricing gains overall.

Asphalt and paving sales declined mainly as a result of a soft market and negative impact of the depreciation of the British pound against the euro.

Ready-mix concrete sales decreased by 20% to 1,270 million euros in 2009. At constant scope and exchange rates, sales were down 20%, with solid pricing gains only partially offsetting the softness in volumes, resulting from a market slowdown in major countries.

Current Operating Income

Current operating income in Western Europe was down 56% to 94 million euros in 2009.

At constant scope and exchange rates, the current operating income was affected by the market softness in most of the markets, Spain being the most impacted. Solid pricing gains, improved share of our innovative products in total sales and cost reduction actions only partially mitigated the impact of the shortfall in volumes.

North America

Sales

In North America, pure aggregates sales decreased 24% to 774 million euros in 2009, negatively impacted by the severe decline in volumes due to continued weakening of the residential market, partially mitigated by solid pricing gains.

Asphalt and paving sales were hurt by a decrease in volumes and by the negative effect of the divestitures of assets located in East Canada in June 2009.

Ready-mix concrete sales decreased by 27% to 702 million euros in 2009, also strongly affected by the continued softness throughout the year of the residential market, partly mitigated by improved prices.

Current Operating Income

In North America, current operating income declined 93% to 18 million euros in 2009 from 267 million euros in 2008. Currency variation had a negative impact of 5 million euros and scope had a net negative impact of 38 million euros. At constant scope and exchange rates, the decline in current operating income reflected lower volumes, partly mitigated by solid price increases and strict cost control.

Emerging Markets

Sales

In emerging markets, pure aggregates and ready-mix concrete sales decreased by 20%, and 4% respectively. At constant scope and exchange rates, pure aggregates and ready mix concrete sales decreased by 14% and 16% respectively, benefiting from pricing gains overall outside Central Europe in a general context where volumes contraction was experienced in most countries.

Current Operating Income

Current operating income decreased by 44% to 81 million euros in 2009. Volumes declines from poor market conditions led this decrease.

Gypsum

Sales and Current Operating Income

	Full year			4th quarter		
	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)
Sales	1,355	1,546	-12%	320	362	-12%
Current operating income	38	36	6%	(4)	(4)	-

Sales

Contribution to our sales by origin for the years ended December 31, 2009 and 2008 and the related percentage change between the two periods were as follows:

	Full year			4th quarter		
	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)
Western Europe	762	892	-15%	175	204	-14%
North America	180	197	-9%	40	53	-25%
Other regions	413	457	-10%	105	105	-
Sales before elimination of inter-division sales	***1,355***	***1,546***	***-12%***	***320***	***362***	***-12%***

At constant scope and exchange rates, sales decreased by 10%, reflecting the general slowdown in the construction activity.

Sales volumes of wallboard decreased by 11% in 2009 to 667 million square meters, and by 5% on the fourth quarter.

Current Operating Income

Contribution to our current operating income by region, for the years ended December 31, 2009 and 2008, and the related percentage change between the periods were as follows:

	Full year			4th quarter		
	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)
Western Europe	48	57	-16%	4	1	nm
North America	(43)	(59)	+27%	(13)	(10)	nm
Other regions	33	38	-13%	5	5	-
TOTAL	***38***	***36***	***+6%***	***(4)***	***(4)***	**-**

Current operating income increased by 6% to 38 million in 2009 from 36 million in 2008. Currency fluctuations had a negative impact of 5 million euros on the current operating income.

At constant scope and exchange rates, current operating income increased by 27%. This performance has been achieved despite difficult economic conditions in all markets, as a result of strict cost control and more favourable pricing in North America. As a percentage of the Division's sales, current operating income margin increased to 2.8% in 2009, from 2.3% in 2008.

Return on capital employed after tax decreased to 2.5% from 2.9% in 2008.

Other (including holdings)

Sales

Sales of our other operations decreased to 9 million euros in 2009 compared to 28 million euros in 2008.

Current Operating Income (Loss)

Current operating loss of our other operations, which includes central unallocated costs, reached 97 million euros in 2009 compared to a loss of 81 million euros in 2008.

Operating income and net income

The table below shows our operating income and net income for the years ended December 31, 2009 and 2008:

	2009 (M€)	2008 (M€)	Variation 2009/2008 (%)
Current Operating Income	**2,477**	**3,542**	**-30%**
Gains on disposals, net	103	229	-55%
Other operating income (expenses)	(330)	(409)	19%
Operating Income	**2,250**	**3,362**	**-33%**
Finance (costs) income	(926)	(941)	2%
Of which *Finance costs*	*(1,136)*	*(1,157)*	*2%*
Finance income	*210*	*216*	*-3%*
Income from associates	(18)	(3)	nm
Income from continuing operations before Income Tax	**1,306**	**2,418**	**-46%**
Income tax	(260)	(479)	46%
Net Income	1,046	1,939	-46%
out of which:			
Net income Group share (1)	**736**	**1,598**	**-54%**
Non-controlling interests	310	341	-9%
Net income Group share (1) **excluding one-offs** (2)	**829**	**1,713**	**-52%**

(1) Net income/loss attributable to the owners of the parent company

(2) Excluding net capital gains on sale of Egypt-Titan JV in Q2 2008, the legal provision adjustment for the 2002 Gypsum case in Q2 2008, the impairment loss on goodwill in Q4 2008, the reversal of the German cement case in Q2 2009, the settlement of USG litigation in Q4 2009, and the impairment loss on some cement assets in the Western Europe region in Q4 2009.

Gains on disposals, net, represented a net gain of 103 million euros in 2009, compared to 229 million euros in 2008. In 2009, we recorded the disposals of our Turkish, Venezuelan and Chilean activities together with the divestiture of some aggregates and concrete assets located in East Canada and Switzerland.

Other operating expenses amounted to 330 million euros in 2009, compared to 409 million euros in 2008. They included in 2009 a 30 million euros goodwill impairment charge on the our Chilean operations, a 90 million euros impairment charge on cement assets located in Western Europe following plant capacity closures, restructuring costs for 155 million euros, a settlement charge 47 million euros related to the USG litigation and a benefit of 43 million euros excess provision reversal following the court decision in the German competition litigation case now closed.

Operating income decreased by 33% to 2,250 million euros, from 3,362 million euros in 2008.

Finance costs, comprised of financial expenses on net debt and other financial income and expenses, slightly decreased by 2% to 926 million euros from 941 million euros in 2008. The financial charges on net debt decreased by 10% from 847 to 760 million euros, reflecting the decrease in both net debt and the average cost of debt. The average interest rate on our gross debt was 5.1% in 2009, as compared to 5.5% in 2008. Other financial income and expenses amounted to a net expense in 2009 of 166 million euros compared to 94 million euros in 2008. This increase notably reflects the impact of the accelerated amortization of debt issuance costs linked to the early repayment of part of the Orascom acquisition facility agreement, the cost of the cancellation of an unused confirmed credit line and higher net exchange losses.

The contribution from our associates represented in 2009 a net loss of 18 million euros, versus a loss of 3 million euros in 2008.

Income tax decreased to 260 million euros in 2009 from 479 million euros in 2008. The effective tax rate for 2009 remained stable at 19.9% versus 19.8% in 2008. In 2009, the countries with lower tax rates or benefiting from temporary tax holidays have continued to positively impact our effective tax rate.

Net income Group Share[1] decreased by 54% to 736 million euros in 2009 from 1,598 million euros in 2008.

2009 and 2008 were impacted by significant one-off items. In 2008, they include namely the net gain on the disposal of our participation interest in a joint-venture with Titan in Egypt, the additional provision on the 2002 Gypsum case, the impairment of UK cement and US aggregates and concrete goodwill recognized in 2008. In 2009 they included the reversal of the German competition litigation provision, the settlement of USG litigation, and the impairment loss on cement assets located in Western Europe. Adjusted for these items, the net income decreased by 52%.

Non controlling interests decreased 9% to 310 million euros, from 341 million euros in 2008 due to certain subsidiaries with minority interests having generated lower earnings in 2009 versus 2008. These include in particular some Central and Eastern Europe countries affected by the sharp economic slowdown, Nigeria affected by energy disruptions and Iraq impacted by price declines.

Adjusted for the one-off items described above, **basic earnings per share**[2] decreased 59% for 2009 at 3.12 euros, compared to 7.70 euros in 2008, reflecting the decrease in net income and the higher average number of shares. The basic average number of outstanding shares during the year, excluding treasury shares, was 265.5 million compared to 222.4 million in 2008. This increase primarily reflects the impact of the capital increase on April 28, 2009 for 1.5 billion Euros.

Cash flow statement

Net cash provided by operating activities improved by 205 million euros to 3,206 million euros from 3,001 million euros in 2008.

Cash flow from operations decreased by 977 million euros to 2,177 million euros reflecting the decrease in earnings in the context of a general slowdown in mature markets and Central and Eastern Europe.

This strong decrease was more than offset by the very good performance achieved on working capital, with an improvement of 1,029 million euros between 2008 and 2009.

Net cash used in investing activities amounted to 1,074 million euros, compared to 8,771 million euros in 2008.

No major acquisition was made in 2009, while we completed significant acquisitions in 2008, namely Orascom Cement, the aggregates and concrete Indian operations of Larsen & Toubro, and the buy-back of non-controlling interests in our Romanian and Russian subsidiaries.

Sustaining capital expenditures were more than halved, at 372 million euros in 2009, representing only 33% of our depreciation expense, in a context of a tight cash control. Capital expenditures for new capacity amounted to 1,234 million euros compared to 1,898 million euros in 2008. These expenditures include mainly major cement projects such as the extension of our capacities in China, Eastern India, Nigeria, Uganda, Morocco, the reconstruction of our Aceh plant in Indonesia and the investments in new capacities in Syria and Saudi Arabia. These

[1] Net income/loss attributable to the owners of the parent company

[2] *Adjusted to reflect the rights issue for all periods presented. In line with IFRS requirements, earnings per share have been adjusted, for all periods presented, to reflect the impact of the capital increase with preferential subscription rights finalized on April 28, 2009, using a coefficient of 1.151 to adjust the number of shares prior to the issuance of new shares. This coefficient was calculated as the last share price just before the detachment of the right over the Theoretical Ex-Rights Price ("TERP").*

expenditures also include investments in Western Europe and North America mainly related to productivity and network optimization.

In 2009, disposals were mainly comprised of the divestment of our Chilean operations (288 million euros net proceeds), our cement activities in Venezuela (40% of the selling price; the balance will be settled in four equal yearly instalments) and Turkey (126 million euros net proceeds) and our Aggregates and Concrete activities in Eastern Canada (123 million euros net proceeds). Including the EBRD additional investment in our cement operations in Russia of 86 million euros, and taking into account the debt that was part of the operations disposed of, our disposals represented 919 million euros in 2009.
In 2008, disposals were made up mainly of the sale of our interest in the joint venture with Titan and of our cement, aggregates and concrete assets in Italy.

Balance sheet statement

As at December 31, 2009 total equity stood at 16,800 million euros (14,635 million euros at the end of December 2008) **and net debt at 13,795 million euros** (16,884 million euros at the end of December 2008).

The increase of 2.2 billion euros in equity reflected the 1.5 billion euros rights issue completed on April 28 and the net income for the period (1.0 billion euros), partly offset by the impact of dividends (0.5 billion euros).

The decrease of 3.1 billion euros in net debt reflected a solid free cash flow[3] generation (at 2.8 billion euros), the 1.5 billion euros rights issue completed on April 28 and the disposal proceeds which largely offset the 1.3 billion euros development investments and the 0.5 billion euros dividend paid by Lafarge SA in July 2009.

Subsequent events

Cimpor
The Group sold early February 2010 its 17.28% stake in Cimpor to Votorantim. The transaction will be completed in principle through an exchange of the Cimpor shares held by Lafarge for certain of Votorantim's assets in Brazil.

The value received by Lafarge for its stake will depend on the evolution of the outstanding tender offer for the Cimpor shares and on Votorantim's future decision about whether to tender the shares received as part of the exchange.
Thus, depending on the outcome of these events, Lafarge will receive:

- either cement assets of Votorantim, located in regions complementing Lafarge's position in Brazil, and possibly additional assets or cash, depending on the final value offered for Cimpor,
- or the proceeds from any successful offer to which Votorantim may choose to tender its Cimpor shares.

Lafarge Surma Cement
The Group holds, jointly with Cementos Molins, 59% of Lafarge Surma Cement which is operating a cement plant in Bangladesh. This cement plant is supplied by its Indian affiliate with limestone extracted from a quarry in the Meghalaya region of India. These operations in Bangladesh are consolidated under the proportionate method of accounting and contributed to less than 1% of the Group's 2009 current operating income. At a hearing on February 5th, 2010, the India Supreme Court decided to temporally suspend the mining activities of the quarry, although allowing the export of limestone already extracted. The proceedings regarding the application for a definitive extraction permit are continuing before the Supreme Court and the next hearing should intervene at the end of the first quarter 2010.

[3] Defined as the net operating cash generated by continuing operations less sustaining capital expenditures

Outlook

Emerging markets continue to show strength and Lafarge forecasts that cement volumes in these markets will continue to drive demand in 2010. For developed markets, the Group expects that demand will start to recover slowly during the second half of the year. Overall, the Group expects cement volumes in its markets to increase between 0 and 5% in 2010. Pricing is expected to remain solid for the year in most of our markets.

3. Consolidated financial statements

Consolidated statements of income

	YEARS ENDED DECEMBER 31,		
(million euros, except per share data)	**2009**	**2008**	**2007**
REVENUE	**15,884**	**19,033**	**17,614**
Cost of sales	(11,707)	(13,729)	(12,700)
Selling and administrative expenses	(1,700)	(1,762)	(1,672)
OPERATING INCOME BEFORE CAPITAL GAINS, IMPAIRMENT, RESTRUCTURING AND OTHER	**2,477**	**3,542**	**3,242**
Gains on disposals, net	103	229	196
Other operating income (expenses)	(330)	(409)	(149)
OPERATING INCOME	**2,250**	**3,362**	**3,289**
Finance costs	(1,136)	(1,157)	(652)
Finance income	210	216	126
Loss from associates	(18)	(3)	-
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	**1,306**	**2,418**	**2,763**
Income tax	(260)	(479)	(725)
Net income from continuing operations	1,046	1,939	2,038
Net income from discontinued operations	-	-	118
NET INCOME	**1,046**	**1,939**	**2,156**
Out of which part attributable to:			
Owners of the parent of the Group	**736**	**1,598**	**1,909**
Non-controlling interests	310	341	247
EARNINGS PER SHARE *(euros)* [(1)]			
NET INCOME - ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY			
Basic earnings per share	2.77	7.19	9.60
Diluted earnings per share	2.77	7.16	9.48
FROM CONTINUING OPERATIONS			
Basic earnings per share	2.77	7.19	9.01
Diluted earnings per share	2.77	7.16	8.89
FROM DISCONTINUED OPERATIONS			
Basic earnings per share	-	-	0.59
Diluted earnings per share	-	-	0.59
BASIC AVERAGE NUMBER OF SHARES OUTSTANDING *(in thousands)* [(1)]	**265,547**	**222,350**	**198,806**

(1) The comparative periods have been restated further to the April 2009 Capital increase since such capital increase includes bonus elements for existing shareholders.

Consolidated Statements of comprehensive income

	December 31.		
(million euros)	2009	2008	2007
NET INCOME	**1,046**	**1,939**	**2,156**
Available for sale investments	381	(338)	(29)
Cash-flow hedge instruments	32	(53)	12
Actuarial gains / (losses)	(174)	(384)	33
Currency translation adjustments	(77)	(836)	(354)
Income Tax on other comprehensive income	-	126	(12)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**162**	**(1,485)**	**(350)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,208**	**454**	**1,806**
Out of which part attributable to :			
- Owners of the parent of the Group	937	148	1,605
- Non-controlling interests	271	306	201

Consolidated Statements of financial position

	AT DECEMBER 31,		
(million euros)	2009	2008	2007
ASSETS			
NON CURRENT ASSETS	**32,857**	**32,928**	**21,490**
Goodwill	13,249	13,374	7,471
Intangible assets	632	614	472
Property, plant and equipment	16,699	16,927	11,904
Investments in associates	335	563	331
Other financial assets	1,591	1,147	1,096
Derivative instruments - assets	43	122	5
Deferred income tax assets	308	181	211
CURRENT ASSETS	**6,640**	**7,680**	**6,818**
Inventories	1,702	2,195	1,761
Trade receivables	1,686	2,320	2,515
Other receivables	1,008	1,351	1,061
Derivative instruments - assets	24	223	52
Cash and cash equivalents	2,220	1,591	1,429
TOTAL ASSETS	**39,497**	**40,608**	**28,308**
EQUITY & LIABILITIES			
Common stock	1,146	781	691
Additional paid-in capital	9,620	8,462	6,019
Treasury shares	(27)	(40)	(55)
Retained earnings	5,555	5,225	4,411
Other reserves	(370)	(613)	36
Foreign currency translation	(947)	(905)	(104)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**14,977**	**12,910**	**10,998**
Non-controlling interests	1,823	1,725	1,079
EQUITY	**16,800**	**14,635**	**12,077**
NON CURRENT LIABILITIES	**16,652**	**17,043**	**10,720**
Deferred income tax liability	887	923	695
Pension & other employee benefits liabilities	1,069	943	724
Provisions	939	976	928
Long-term debt	13,712	14,149	8,347
Derivative instruments - liabilities	45	52	26
CURRENT LIABILITIES	**6,045**	**8,930**	**5,511**
Pension & other employee benefits liabilities	109	67	79
Provisions	136	165	201
Trade payables	1,652	1,864	1,732
Other payables	1,630	2,039	1,553
Income tax payable	193	176	148
Short term debt and current portion of long-term debt	2,265	4,472	1,762
Derivative instruments - liabilities	60	147	36
TOTAL EQUITY AND LIABILITIES	**39,497**	**40,608**	**28,308**

Consolidated statements of cash flows

	YEARS ENDED DECEMBER 31,		
(million euros)	**2009**	**2008**	**2007**
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
NET INCOME	**1,046**	**1,939**	**2,156**
NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS	**-**	-	*118*
NET INCOME FROM CONTINUING OPERATIONS	**1,046**	**1,939**	**2,038**
Adjustments for income and expenses which are non cash or not related to operating activities, financial expenses or income taxes:			
Depreciation and amortization of assets	1,123	1,076	941
Impairment losses	164	276	13
Income from associates	18	3	-
(Gains) on disposals, net	(103)	(229)	(196)
Finance costs (income)	926	941	526
Income taxes	260	479	725
Others, net (including dividends received from equity affiliates)	(57)	22	(238)
Change in operating working capital items, excluding financial expenses and income taxes	1,029	(154)	(79)
NET OPERATING CASH GENERATED BY CONTINUING OPERATIONS BEFORE IMPACTS OF FINANCIAL EXPENSES AND INCOME TAXES	**4,406**	**4,353**	**3,730**
Cash payments for financial expenses	(827)	(777)	(478)
Cash payments for income taxes	(373)	(575)	(550)
NET OPERATING CASH GENERATED BY CONTINUING OPERATIONS	**3,206**	**3,001**	**2,702**
Net Operating cash generated by (used in) discontinued operations	-	-	*(26)*
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3,206**	**3,001**	**2,676**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Capital expenditures	(1,645)	(2,886)	(2,113)
Investment in subsidiaries and joint ventures (1)	(29)	(6,309)	(604)
Investment in associates	(10)	(63)	(225)
Investment in available for sale investments	(35)	(11)	(228)
Disposals (2)	760	615	2,492
Net decrease in long-term receivables	(115)	(117)	(10)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES FROM CONTINUING OPERATIONS	**(1,074)**	**(8,771)**	**(688)**
Net cash used in investing activities from discontinued operations	**-**	-	*(15)*
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(1,074)**	**(8,771)**	**(703)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of common stock	1,448	12	76
Non-controlling interest' share in capital increase/ (decrease) of subsidiaries	86	90	(23)
(Increase) decrease in treasury shares	-	8	(505)
Dividends paid	(393)	(784)	(521)
Dividends paid by subsidiaries to minority interests	(143)	(267)	(131)
Proceeds from issuance of long-term debt	4,495	9,208	1,279
Repayment of long-term debt	(6,829)	(1,094)	(2,239)
Increase (decrease) in short-term debt	(153)	(1,143)	359
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	**(1,489)**	**6,030**	**(1,705)**
Net cash provided by financing activities from discontinued operations	**-**	-	*41*
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(1,489)**	**6,030**	**(1,664)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	**643**	**260**	**309**
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	(14)	(98)	(35)
Cash and cash equivalents at beginning of year	1,591	1,429	1,155
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**2,220**	**1,591**	**1,429**
(1) Net of cash and cash equivalents of companies acquired	*3*	*306*	*10*
(2) Net of cash and cash equivalents of companies disposed of	*54*	*30*	*16*

Consolidated statements of changes in equity

	Outstanding shares	Of which Treasury shares	Common stock	Additional paid-in capital	Treasury shares	Retained earnings	Other reserves	Foreign currency translation	Equity attributable to the owners of the parent company	Non controlling interests	Equity
	(number of shares)										(million euros)
BALANCE AT JANUARY 1, 2007	**176,625,142**	**1,372,260**	**707**	**6,420**	**(72)**	**3,023**	**31**	**205**	**10,314**	**1,380**	**11,694**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD						**1,909**	**5**	**(309)**	**1,605**	**201**	**1,806**
Dividends paid						(521)			**(521)**	(159)	**(680)**
Issuance of common stock (exercise of stock options)	*968,838*		4	72					**76**		**76**
Share based payments				29					**29**		**29**
Cancellation of shares	*(5,029,405)*	*(5,029,405)*	(20)	(502)	522						
Treasury shares		*4,314,378*			(505)				**(505)**		**(505)**
Other movements – Non-controlling interests										(343)	**(343)**
BALANCE AT DECEMBER 31, 2007	**172,564,575**	**657,233**	**691**	**6,019**	**(55)**	**4,411**	**36**	**(104)**	**10,998**	**1,079**	**12,077**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD						**1,598**	**(649)**	**(801)**	**148**	**306**	**454**
Dividends paid						(784)			**(784)**	(259)	**(1,043)**
Issuance of common stock (exercise of stock options)	*171,959*			12					**12**		**12**
Issuance of common stock (Orascom Cement acquisition)	*22,500,000*		90	2,402					**2,492**		**2,492**
Share based payments				29					**29**		**29**
Treasury shares		*(220,440)*			15				**15**		**15**
Other movements - Non-controlling interests										599	**599**
BALANCE AT DECEMBER 31, 2008	**195,236,534**	**436,793**	**781**	**8,462**	**(40)**	**5,225**	**(613)**	**(905)**	**12,910**	**1,725**	**14,635**

	Outstanding shares	Of which Treasury shares	Common stock	Additional paid-in capital	Treasury shares	Retained earnings	Other reserves	Foreign currency translation	Equity attributable to the owners of the parent company	Non controlling interests	Equity
	(number of shares)										(million euros)
BALANCE AT DECEMBER 31, 2008	**195,236,534**	**436,793**	**781**	**8,462**	**(40)**	**5,225**	**(613)**	**(905)**	**12,910**	**1,725**	**14,635**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**-**	**-**	**-**	**736**	**243**	**(42)**	**937**	**271**	**1,208**
Dividends paid	-	-	-	-	-	(393)	-	-	**(393)**	(140)	**(533)**
Issuance of common stock	*91,216,782*	-	365	1,131	-	-	-	-	**1,496**	86	**1,582**
Issuance of common stock (exercice of stock options)	-	-	-	-	-	-	-	-	**-**	-	**-**
Share based payments	-	-	-	27	-	-	-	-	**27**	-	**27**
Treasury shares	-	*(56,645)*	-	-	13	(13)	-	-	**-**	-	**-**
Other movements – Non-controlling interests	-	-	-	-	-	-	-	-	**-**	(119)	**(119)**
BALANCE AT DECEMBER 31, 2009	**286,453,316**	**380,148**	**1,146**	**9,620**	**(27)**	**5,555**	**(370)**	**(947)**	**14,977**	**1,823**	**16,800**