



INFORMATION ON LAFARGE

3.2 Our businesses

3.2.3 Gypsum

Gypsum wallboard (also known as “plasterboard”) and other gypsum-based products (e.g. plaster, joint compounds, plaster blocks) and related products (such as metal studs and accessories) are used primarily to offer gypsum-based building solutions for constructing, finishing, or decorating interior walls and ceilings in residential, commercial and institutional construction projects throughout the world, as well as for sound and thermal insulating partitions. Other gypsum-based products include industrial plaster (used for special applications such as mouldings or sculptures), medical plasters, and self-levelling floor-screeds.

We believe that we are among the three largest manufacturers of gypsum wallboard worldwide. At the end of 2010, we had production facilities in 30 countries. Our consolidated businesses operated 41 wallboard plants (with an annual production capacity of over 1 billion square meters) and 36 other plants which produced primarily plaster, plaster blocks, joint compounds, or metal studs as well as paper (2 wallboard paper plants).

Products

WALLBOARD

Our principal gypsum product is wallboard. We produce wallboard in a number of standard lengths, widths and thicknesses and with a variety of characteristics depending on the intended use of the board. We offer a full line of wallboard and finishing products: "standard" wallboard; and technical wallboards – e.g. fire retardant, water-resistant, sag-resistant, resistant to mold, high humidity, «design and decoration» and very high traffic areas. Some of these wallboards combine two or more of these properties.

We regularly seek to expand and improve the range of our wallboard products. Following the launch of Synia® wallboard, with all four edges tapered which considerably facilitates the work of installers in many areas leading to high quality finishing, we launched in 2008 an exclusive and very high performance wet area board (WAB) which met success in 2009 and 2010 with distributors and installers. This product has been and is presently launched in other subsidiaries.

In 2010, more than 15% of our sales were from new products, launched over the past 5 years.

OTHER PRODUCTS

We also produce gypsum plaster, plaster blocks, joint compounds, metal studs, anhydrite binders for self-levelling floor-screeds and industrial plasters, which are also intended for the construction and decorating industries. Sales of such products accounted for approximately one third of our Gypsum Division sales in 2010. Production and Facilities Information.

Production and facilities information

Gypsum wallboard exploits the crystalline structure of gypsum (calcium sulfate dihydrate – a naturally occurring mineral common in sedimentary environments), within which water molecules are physically retained. Plaster is made by grinding and heating gypsum to release the trapped water molecules, wallboard is made by mixing the plaster with water to form a slurry, extruding the slurry between two continuous sheets of paper, and then drying and cutting the resulting board into proper sizes. When drying, the slurry rehydrates into gypsum crystals which interlock with each other and "grow" into the liner paper, giving the board its strength. We use both naturally occurring gypsum and synthetic gypsum to produce

wallboard. Synthetic gypsum is produced as a by-product of certain chemical manufacturing and electrical thermic production operations.

At the end of 2010, our consolidated businesses operate and own 21 gypsum quarries worldwide, including 16 in Europe. Some of our plants have entered into long-term supply contracts with third parties to supply natural gypsum. The plants using synthetic gypsum are supplied through long-term contracts, most of which contain one or more options to renew. We believe our current supply of gypsum, both natural and synthetic, is adequate for current and foreseeable operating levels.

Paper and gypsum account for approximately 25% and 15% of our wallboard production costs, respectively. We produce less than half of our wallboard paper requirements at our own mills in France and at one mill in the United States operated through a joint venture. All of our paper production is based on recycled waste paper fibers. In 2010, we closed our paper mill in Orebro, Sweden.

Customers

We sell our gypsum wallboard products mostly to general building materials distributors, plasterboard installers wallboard specialty dealers, do-it-yourself home centers and transforming industries. In some markets, prescribers (such as architects) may influence which products are to be used to construct given projects. Our marketing efforts are focused not only on actual purchasers, but also on those who may indirectly determine which materials are used.

Markets

DESCRIPTION OF MARKETS AND OF OUR POSITION IN THESE MARKETS

We believe we share approximately 75% of today's worldwide wallboard market with six other producers in a sector which is increasingly concentrated (Saint-Gobain, Knauf, US Gypsum, Yoshino, National Gypsum, BNBK). These companies operate gypsum wallboard plants and usually own the gypsum reserves they use to produce their wallboard.

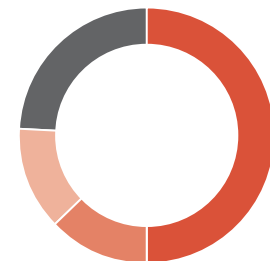
In the gypsum wallboard market, companies compete, on a regional basis, on price, product quality, product range, solution design, efficiency, flexibility, and customer service. Our largest competitors in Western Europe are Knauf and Saint-Gobain, and in the United States National Gypsum, Saint-Gobain, and US Gypsum.

This sector is highly competitive in Western Europe and North America with production mostly concentrated among several national and international players.

BREAKDOWN BY REGION

The following presentation shows the percentage contribution made by each of these regions to our 2010 Gypsum Division sales in euros.

SALES BY DESTINATION 2010



	%
Western Europe	50
North America	13
Asia	13
Other	24

TOTAL 100

Western Europe

Western Europe is the world's third largest regional wallboard market. The technical performance of products and systems plays a critical role in this market. The region as a whole consumed close to one billion square meters of wallboard in 2009, based on our estimates. We sold over 250 million square meters of wallboard in Western Europe in 2010. Additionally, we have a minority interest in Yesos Ibericos (Grupo Uralita) in Spain.

In 2009, we closed our Frampton (UK) facility and a new metal studs facility was opened in Cavaillon (France).

North America

North America is the world's largest regional wallboard market. The region as a whole consumed close to 2 billion squaremeters of wallboard in 2009, based on our estimates. We sold over 150 million square meters of wallboard in North America in 2010.

At the beginning of 2009, we opened a new joint compounds facility at Silver Grove, Kentucky.

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Asia

In Asia, the world's second largest regional wallboard market, we conduct gypsum wallboard and related operations through a 50/50 joint venture managed jointly with the Australian company Boral Limited. The joint venture operates three wallboard plants in South Korea, four in China, one in Malaysia, two in Thailand, two in Indonesia, one in Vietnam, and one in India. It also has several plaster and metal stud plants in these countries. In 2010, the joint venture started a new wallboard plant in Shanghai, a new metal studs facility has been opened in Saraburi (Thailand), and a new wallboard line has doubled the wallboard capacity of Saraburi. The ceiling tiles capacity has been doubled in South Korea. Also, a new metal studs facility started in the Philippines, and Vietnam's metal studs capacity was doubled.

Other countries

We also conduct wallboard and related operations in other markets, and operate:

- in Romania, a wallboard plant and a joint compounds plant;

- in Ukraine, a wallboard plant;
- in Poland, a wallboard plant, a metal studs facility, and a joint compounds plant;
- in Turkey, a wallboard plant and a construction plaster plant near Ankara through a joint venture with Dalsan Insaat. Together, we own a wallboard plant in Istanbul, which was completed at the end of 2008;
- in South Africa, a plasterboard plant, as well as manufacturing lines for gypsum components;
- in Morocco, one plaster plant;
- in Algeria, one plaster plant;
- in Australia two wallboard plants, a plaster plant and a joint compound plant;

in Saudi Arabia, Lafarge has a minority interest in a plaster plant;

in Latin America, through companies we control jointly with the Etex group, we operate three wallboard plants (Argentina, Brazil and Chile) and two plaster plants (Brazil and Chile). A new wallboard plant in Colombia started its operations in 2009. In Mexico,

Lafarge operates a wallboard plant through a joint venture with a majority partner, the Comex group.

Our wallboard and related products sales in emerging markets, including Asia and excluding Australia, amount to over 400 million euros in 2010. These sales accounted for approximately 30% of our total wallboard and related product sales.