IMPORTANT: **You must read the following disclaimer before continuing.** The following disclaimer applies to the attached document and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended for you only and **you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document (electronically or otherwise) to any other person.**

This United States Private Placement Memorandum is intended only for qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act")) in the United States, and must not be acted on or relied by any other investors in any other jurisdiction.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S OR (II) WITHIN THE UNITED STATES, ONLY TO QIBS AS DEFINED IN RULE 144A IN RELIANCE ON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: By accepting electronic delivery of this document, you are deemed to have represented to Holcim that: (i) you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) acting on your own behalf or on behalf of other qualified institutional buyers; (ii) the securities acquired by you in the offer have not been acquired with a view to their offer or resale to any person in circumstances that may give rise to an offer of any securities to the public; and (iii) you consent to delivery by electronic transmission.

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EXCHANGE OFFER

FOR THE SHARES OF

LAFARGE

BY

Holcim

INFORMATION FOR SHAREHOLDERS AND BENEFICIAL OWNERS OF LAFARGE S.A. SHARES IN THE UNITED STATES WHO ARE QUALIFIED INSTITUTIONAL BUYERS

EXCHANGE RATIO: NINE ORDINARY SHARES OF HOLCIM LTD IN EXCHANGE FOR EVERY TEN SHARES OF LAFARGE S.A. TENDERED IN THE OFFER

EXCHANGE OFFER EXPIRATION DATE: 5:30 P.M. PARIS TIME ON JULY 3, 2015 (RE-OPENED EXCHANGE OFFER EXPIRATION DATE: 5:30 P.M. PARIS TIME ON JULY 28, 2015)

Holcim Ltd ("Holcim"), a company organized under the laws of Switzerland, is offering (the "Offer") to exchange nine newly issued ordinary shares of Holcim for every ten ordinary shares of Lafarge S.A. ("Lafarge"), a company organized under the laws of France, that are validly tendered and not withdrawn, on the terms and subject to the conditions set forth herein and in the Offer Documents (defined below). In accordance with the terms of article 232-4 of the AMF General Regulations, if the Offer is successful, it will be automatically re-opened during ten (10) trading days following the publication of the final results of the Offer for a minimum period of ten (10) trading days (the "Re-opened Offer"). This U.S. Private Placement Memorandum (the "U.S. Private Placement Memorandum") has been prepared by Holcim for the purpose of making the Offer and, as the case may be, the Re-opened Offer in the United States to qualified institutional buyers ("QIBs"), as defined in Rule 144A of the United States Securities Act of 1933, as amended (the "Securities Act").

Lafarge Shares may not be tendered in the Offer or, as the case may be, the Re-opened Offer in or from the United States, except by QIBs who execute and return an Investor Letter in the form attached as Exhibit 1 hereto. No other holders may tender Lafarge Shares in the United States, and any tender by any such other holder will not be accepted. In addition, this U.S. Private Placement Memorandum may not be used or relied upon by persons outside the United States.

This U.S. private placement memorandum includes free English translations of the following documents relating to the Offer and, as the case may be, the Re-opened Offer, each of which has been filed with the French Autorité des marches financiers (the "Offer Documents"): (i) Holcim's Offer Document (*Note d'Information de l'Initiateur*) describing relevant terms and conditions of the Offer and, as the case may be, the Re-opened Offer (the "Holcim Offer Document"); and (ii) a Registration Document (*Document de Base*) issued by Holcim (the "2014 Holcim Registration Document"), which contains or incorporates by reference certain information relating to Holcim, Lafarge and LafargeHolcim, the name that Combined Group (as defined below) intends to adopt following the successful closing of the Offer. Also attached to this U.S. private placement memorandum for information is a copy of Lafarge's Response Note (*Note d'Information en réponse*) in response to the Holcim Offer Document (the "Lafarge Response Note").

This U.S. Private Placement Memorandum has not been submitted to the clearance procedures of the French *Autorité des marchés financiers* and may not be used in connection with any offer to the public in France, or to purchase or sell Holcim Shares. In addition, neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Offer or the Holcim Shares offered hereby or passed upon the adequacy or accuracy of this U.S. Private Placement Memorandum, the Offer Documents or the Lafarge Response Note. Any representation to the contrary is a criminal offense in the United States.

The Offer will be open from June 1, 2015 until 5:30 p.m., Paris time, on July 3, 2015, although you may need to instruct your broker or intermediary to tender your Lafarge Shares before then in order to ensure that they are effectively received in France prior to the expiration of the Offer. See article 2.14 ("Procedure for Tendering Lafarge Shares to the Offer") of the Holcim Offer Document. There will be no Letter of Transmittal or Guaranteed Delivery procedures in connection with the Offer. If the conditions of the Offer are satisfied, delivery of the Holcim Shares issued upon tender of Lafarge Shares is expected to be made on or about July 13, 2015 in respect of the Offer and August 5, 2015 in respect of the Re-Opened Offer, if applicable.

The Offer is subject certain conditions, including that the number of Lafarge Shares validly tendered in the Offer, together with the shares of Lafarge held by Lafarge or its affiliates, represents at least two-thirds (2/3) of the share capital or voting rights (taking into account the loss of double voting rights of Lafarge Shares tendered to the Offer) of Lafarge.

The Re-Opened Offer will be open from July 15, 2015 until 5:30 p.m., Paris time, on July 28, 2015, although you may need to instruct your broker or intermediary to tender your Lafarge Shares before then in order to ensure that they are effectively received in France prior to the expiration of the Re-Opened Offer.

Lafarge American Depositary Receipts (ADRs) may not be tendered in the Offer or, as the case may be, the Re-opened Offer. If you hold Lafarge ADRs, you will need to exchange them for Lafarge Shares in order to tender such Shares in the Offer or, as the case may be, the Re-opened Offer. You should contact your broker or the ADR depositary bank to determine how to proceed with such an exchange, including the date by which you must request an exchange of Lafarge Shares for ADRs in order to tender such Lafarge Shares prior to the expiration of the Offer and, as the case may be, the Re-opened Offer.

Holcim's shares are listed on the SIX Swiss Exchange under the symbol HOLN. As of May 27, 2015, the closing price for Holcim's shares on the SIX Swiss Exchange was CHF 75.75. Lafarge's shares are listed on Euronext Paris. As of May 27, 2015, the closing price for Lafarge's shares on Euronext Paris was EUR 65.85. Additional information regarding the trading history of the Holcim Shares and the Lafarge Shares is contained in the Offer Documents.

Holcim and Lafarge agreed that a post-closing exceptional scrip dividend shall be paid after the closing of the Re-opened Offer in respect of all LafargeHolcim shares, including newly issued Holcim shares exchanged for Lafarge shares in the context of the Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim share for twenty existing LafargeHolcim shares, subject to the successful closing of the Offer. For a description of the U.S. Federal income tax treatment of the scrip dividend, see "– Certain U.S. Federal Income Tax Considerations – 2. Scrip Dividend"

The Holcim Shares to be delivered upon completion of the Offer or, as the case may be, the Re-opened Offer have not been and will not be registered under the Securities Act. Accordingly, the Holcim Shares may only be offered or sold in transactions that are exempt from registration under the Securities Act. The Offer is being made in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) who sign and return an Investor Letter, pursuant to an exemption from the registration requirements of the Securities Act. See "Important Information About Jurisdictional and Selling Restrictions" and "Notice to U.S. Investors" below.

The Offer and, as the case may be, the Re-opened Offer is being made in accordance with French laws and regulations, and is not subject to Regulation 14D under the Securities Exchange Act of 1934 (the "Exchange Act"). In addition, pursuant to the "Tier II" exemption, the Offer and, as the case may be, the Re-opened Offer is exempt from certain provisions of Regulation 14E under the Exchange Act. In particular, pursuant to the "Tier II" exemption, settlement of the Offer and, as the case may be, the Re-opened Offer will be made in accordance with French procedures, including the timetable set forth above and in the French Offer Documents.

Investing in the Holcim Shares involves risks. See ''Risk Factors'' on pages 44 to 58 of the 2014 Holcim Registration Document, and pages 174 to 186 of the 2014 Lafarge Registration Document, which is incorporated by reference into the 2014 Holcim Registration Document.

U.S. Private Placement Memorandum Dated May 28, 2015

DEFINED TERMS

Holcim Ltd has initiated an exchange offer for the shares of Lafarge S.A. Upon successful closing of the Offer, Holcim Ltd is intended to be renamed “LafargeHolcim Ltd”. On July 9, 2015, its shares will also be admitted to trading on the regulated market of Euronext Paris. All LafargeHolcim Ltd shares, including those issued in consideration for the shares of Lafarge tendered in the Offer and, as the case may be, the Re-opened Offer will be listed on both Euronext Paris and the SIX Swiss Exchange as from the completion of the Offer and, as the case may be, the Re-opened Offer.

In this U.S. Private Placement Memorandum:

- “Combined Group” means the combined Holcim Group and Lafarge Group whose shares will be listed on Euronext Paris and the SIX Swiss Exchange.
- “Existing Holcim Shares” means the 327,086,376 existing registered shares of Holcim Ltd.
- “Holcim” and the “Holcim Group” mean Holcim Ltd and its consolidated subsidiaries.
- “Holcim Ltd”, “LafargeHolcim Ltd” or the “Company” means Holcim Ltd, the initiator of the exchange offer for the shares of Lafarge.
- “Holcim Shares” means the Existing Holcim Shares together with the New Holcim Shares (which, after the renaming of Holcim, will be the “LafargeHolcim Shares”).
- “LafargeHolcim” is used to described Holcim Ltd after the closing of the exchange offer.
- “Lafarge” or the “Lafarge Group” mean Lafarge S.A. and its consolidated subsidiaries.
- “Lafarge S.A.” means the issuer of the shares to be tendered in the exchange offer.
- “Lafarge Shares” means the shares of Lafarge S.A.
- “New Holcim Shares” means the new registered shares to be issued by Holcim Ltd in consideration for the Lafarge Shares tendered in the Exchange Offer.

IMPORTANT INFORMATION ABOUT THIS U.S. PRIVATE PLACEMENT MEMORANDUM

Neither the delivery of this U.S. Private Placement Memorandum nor any offer or sale made pursuant hereto shall, at any time and under any circumstances, imply that there has been no change in the affairs of Holcim or Lafarge since the date hereof or that the information contained herein is correct and complete as of any time subsequent to this date. Holcim is responsible for the information contained in and incorporated by reference this U.S. Private Placement Memorandum. Holcim cannot provide you with assurance regarding the accuracy or completeness of any other source of information. Any decision to tender Lafarge Shares in the Offer or, as the case may be, the Re-opened Offer must be based on the information contained in this U.S. Private Placement Memorandum.

Investors who participate in the Offer or, as the case may be, the Re-opened Offer should conduct such independent investigation and analysis regarding Holcim, Lafarge, the Group and the Holcim Shares as they deem appropriate to evaluate the merits and risks of an investment in such securities. In making any investment decision with respect to the Holcim Shares, investors must rely (and will be deemed to have relied) solely on their own independent examination of Holcim, Lafarge, the Group and the Holcim Shares and the terms of the Offer and, as the case may be, the Re-opened Offer, including the merits and risks involved.

This U.S. Private Placement Memorandum is confidential and is being furnished in connection with a private placement to “qualified institutional buyers” in the United States pursuant to an exemption from the registration requirements of the Securities Act, solely for the purpose of enabling such prospective investors to consider the Offer and, as the case may be, the Re-opened Offer and an investment in the Holcim Shares. Any reproduction or distribution of this U.S. Private Placement Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering participation in the Offer or, as the case may be, the Re-opened Offer and an investment in the Holcim Shares offered hereby is prohibited. Each offeree of the Holcim Shares in the Offer and, as the case may be, the Re-opened Offer, by accepting delivery of this U.S. Private Placement Memorandum, agrees to the foregoing.

This U.S. Private Placement Memorandum has been prepared by Holcim on the basis that any current holder of Lafarge Shares to whom it is addressed is a person or entity having such knowledge and experience of financial matters as to be capable of evaluating the merits and risks of participating in the Offer or, as the case may be, the Re-opened Offer and an investment in the Holcim Shares. Before making any investment decision with respect to the Offer or, as the case may be, the Re-opened Offer and the Holcim Shares, prospective investors should consult their own counsel, accountants or other advisers and carefully review and consider such an investment decision in the light of the foregoing.

Before making their investment decision, investors are urged to pay careful attention to the risk factors described on pages 44 to 58 of the 2014 Holcim Registration Document and pages 174 to 186 of the free English Translation of the 2014 Lafarge Registration Document, each of which is attached hereto or incorporated by reference herein. The materialization of one or more of the risks described therein could have an adverse effect on the activities, condition, the results of its operations of Holcim, Lafarge or the Combined Group. Furthermore, other risks not yet identified or not considered significant by Holcim could have adverse effects and investors may lose all or part of their investment.

No representation or warranty, express or implied, is made as to the accuracy or completeness of any information contained in this U.S. Private Placement Memorandum, and nothing contained in this U.S. Private Placement Memorandum is, or shall be relied upon as, a promise or representation as to the past or the future.

IMPORTANT INFORMATION ABOUT JURISDICTIONAL AND SELLING RESTRICTIONS

General

This U.S. Private Placement Memorandum does not constitute an offer of, or an invitation to subscribe for or purchase, any security other than the Holcim Shares offered hereby. The distribution of this U.S. Private Placement Memorandum and the offer or sale of the Holcim Shares and the tender offer for the Lafarge Shares may be restricted by law in certain jurisdictions. Holcim accepts no legal responsibility for any violation by any person, whether or not a Lafarge shareholder, of any such restrictions. Any resale or other transfer or attempted resale or other transfer of the Holcim Shares received in the Offer or, as the case may be, in the Re-opened Offer made other than in compliance with the restrictions set forth in this U.S. Private Placement Memorandum shall not be recognized by Holcim, any agent or intermediary involved in the Offer or, as the case may be, the Re-opened Offer or by any agent or intermediary involved in the distribution of Holcim Shares. This U.S. Private Placement Memorandum does not constitute an offer of, or an invitation to subscribe for or purchase, any securities in any jurisdiction other than the United States of America.

United States of America

The Holcim Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Holcim Shares offered pursuant to this U.S. Private Placement Memorandum are being offered in exchange for existing Lafarge Shares by Holcim only to “qualified institutional buyers”, or “QIBs”, as defined in Rule 144A under the Securities Act, who sign and return an Investor Letter in the form set forth in Exhibit I hereto, in reliance on an exemption from registration provided for under the Securities Act.

Pursuant to the undertakings in the Investor Letter, the Holcim Shares received in the Offer or, as the case may be, the Re-opened Offer may not be resold other than in an “offshore transaction” as defined in, and in accordance with, Regulation S for so long as those shares are “restricted securities” within the meaning of Rule 144 under the Securities Act.

Holcim will not accept tenders of ADRs in the Offer or, as the case may be, the Re-opened Offer. Holders of ADRs who are QIBs and who wish to tender their shares must exchange their ADRs for Lafarge ordinary shares in order to do so.

Except for tenders of Lafarge Shares by QIBs who sign an Investor Letter, as set forth above:

- Lafarge shareholders in the United States may not tender their shares in the Offer or, as the case may be, the Re-opened Offer.

- The Offer or, as the case may be, the Re-opened Offer is not being made in the United States and this U.S. Private Placement Memorandum does not constitute an offer, or an invitation to apply for, or an offer or invitation to purchase or subscribe for, any Holcim Shares in the United States.

- Envelopes containing orders to tender should not be postmarked in the United States or otherwise dispatched from the United States, and all persons exchanging Lafarge Shares for Holcim Shares and wishing to hold such Holcim Shares in registered form must provide an address for registration of the Holcim Shares that is outside the United States.

Any person participating in the Offer or, as the case may be, the Re-opened Offer in or from the United States will be deemed to have declared, warranted and agreed, by accepting delivery of this U.S. Private Placement Memorandum and delivery of the Holcim Shares, that it is a QIB and that it understands and agrees to the foregoing restrictions.

Any person in the United States who obtains a copy of this U.S. Private Placement Memorandum, the Offer Documents or the Lafarge Response Note and who is not a QIB is required to disregard them. Holcim reserves the right to treat as invalid any attempt to exchange Lafarge Shares (i) which appears to Holcim or its agents to have been executed in or dispatched from the United States (other than by a QIB that signs an Investor Letter), or (ii) if Holcim believes acceptance of such tendered shares may infringe applicable legal or regulatory requirements, and Holcim shall not be bound to allot or issue any Holcim Shares in respect of any such Lafarge Shares.

Prospective purchasers of Holcim Shares should consult their own tax advisers with respect to the United States and other tax considerations applicable to their individual circumstances.

NOTICE TO U.S. INVESTORS

Set forth below is information relating to the procedures by which "qualified institutional buyers" (within the meaning of Rule 144A under the Securities Act) that are in the United States can tender their existing Lafarge Shares for Holcim Shares pursuant to the terms of the Offer or, as the case may be, the Re-opened Offer. As used in this section, the term "United States" has the meaning assigned to it in Regulation S.

Any questions concerning these procedures should be directed to Holcim Ltd, Hagenholzstrasse 85, CH-8050 Zurich, Switzerland (Michel Gerber, Head Investor Relations, Phone: +41 58 858 86 63).

Eligibility to Participate

Holders of Lafarge Shares located in the United States will not be permitted to receive Holcim Shares pursuant to the Offer or, as the case may be, the Re-opened Offer, unless they are QIBs who hold Lafarge Shares that are eligible to be tendered into the Offer or, as the case may be, the Re-opened Offer in compliance with Section 2 "Terms and Conditions of the Offer" in the Holcim Offer Document and who also comply with the procedures described below. Except with respect to such QIBs, tendered Lafarge Shares from addresses located in the United States or bearing U.S. postmarks will not be accepted.

New Holcim shares are being offered pursuant to the Offer or, as the case may be, the Re-opened Offer only to QIBs that hold Lafarge Shares on a private placement basis pursuant to an exemption from the registration requirements of the Securities Act. To be permitted to receive Holcim Shares pursuant to the tender of its Lafarge Shares a QIB must:

- if it holds its Lafarge Shares in fully registered form (*nominatif pur*), instruct BNP Paribas Securities Services, which will maintain the subregistry of the share register of the Offeror up until the last day of the Offer acceptance period (5:30 p.m. (Paris time) on July 3, 2015) or, as the case may be, the last day of the Re-Opened Offer acceptance period (5:30 p.m. (Paris time) on July 28, 2015) at the very latest; or

- if it holds its Lafarge Shares either under administered registered form (*nominatif administré*) or bearer form (*au porteur*) with a financial intermediary (*e.g.*, a credit institution or an investment company), instruct its financial intermediary to tender its Lafarge Shares to the Offer or, as the case may be, the Re-opened Offer, in conformity with the model instructions which will be made available to them by the intermediary. Lafarge shareholders holding Lafarge Shares in registered or bearer form should consult with their own financial intermediary as to when the intermediary needs to receive instructions to ensure timely tenders; and

- in either case, send a duly completed and executed Investor Letter to its financial intermediary with a copy to Holcim to the attention of Michel Gerber, Head Investor Relations, Hagenholzstrasse 85, CH-8050 Zurich, Switzerland (phone: +41 58 858 86 63; e-mail: michel.gerber@holcim.com) prior to 5:30 p.m. (Paris time) on July 3, 2015.

Resales of Holcim Shares

By executing an Investor Letter, a QIB will be, among other things:

- representing that it and any accountholder for which it tenders Lafarge Shares and acquires Holcim Shares in the Offer or, as the case may be, the Re-opened Offer are QIBs within the meaning of Rule 144A of the Securities Act;

- acknowledging that the Holcim Shares have not been, and will not be, registered under the Securities Act;

- agreeing to sell Holcim Shares received upon successful completion of the Offer or, as the case may be, the Re-opened Offer only outside the United States in accordance with Regulation S, for so long as those shares are "restricted securities" within the meaning of Rule 144 under the Securities Act; and

- agreeing not to deposit Holcim Shares in any ADR facility for Holcim shares for so long as those shares are "restricted securities" within the meaning of Rule 144 under the Securities Act.

Notice to Holders of Lafarge American Depositary Receipts

If you hold Lafarge Shares in the form of American Depositary Receipts, you will need to exchange your ADRs for Lafarge Shares in order to tender them in the Offer or, as the case may be, the Re-opened Offer. **We will not accept tenders of ADRs in the Offer or, as the case may be, the Re-opened Offer.** Because each ADR represents one-fourth of an ordinary share, and because you must hold at least two Lafarge Shares to receive any Holcim Shares in the Offer or, as the case may be, the Re-opened Offer (due to the 10-for-nine exchange ratio), you will need to exchange at least eight ADRs, and whole multiples of four ADRs in excess thereof, for Lafarge Shares in order to tender the related shares in the Offer or, as the case may be, the Re-opened Offer.

The process of exchanging ADSs for underlying ordinary shares may take some time. If you wish to receive ordinary shares in order to tender them in the Offer or, as the case may be, the Re-opened Offer, you should contact the Depositary as soon as possible in order to determine the deadline by which you need to provide instructions to effect such an exchange, in order to receive the underlying ordinary shares in time to tender them in the Offer or, as the case may be, the Re-opened Offer.

The name and contact details of the Depositary are as follows: J.P. Morgan ADR Settlements Hotline at (302) 552-0230.

Reliance

Holcim, its affiliates and others will rely upon the truth and accuracy of the representations, acknowledgements and agreements of each QIB that tenders shares in the Offer or, as the case may be, the Re-opened Offer and signs an Investor Letter.

FORWARD-LOOKING STATEMENTS

This U.S. Private Placement Memorandum, the Offer Documents and the documents incorporated therein and herein by reference may include statements which may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 2005. These statements are not historical facts but instead represent Holcim's and Lafarge's belief regarding future events many of which, by their nature, are inherently uncertain and outside of Holcim's and Lafarge's control.

These statements may address among other things, Holcim's, Lafarge's or the Combined Group's financial condition, results of operations and business, including its strategy for growth, potential synergies, product development, regulatory approvals and market position. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements, including those discussed elsewhere in this U.S. Private Placement Memorandum and in Holcim's and Lafarge's other public filings, press releases, oral presentations and discussions. Forward-looking statements include, among other things, discussions concerning the potential exposure of Holcim, Lafarge or the Combined Group to market risks, as well as statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. Forward-looking statements in this U.S. Private Placement Memorandum are identified by use of the following words and other similar expressions, among others: "anticipate", "believe", "outlook", "probably", "project", "risks", "seek", "should", "target", "would", "objectives", "could", "estimate", "expect", "goals", "intend", "may" and "shall".

The following factors, among others, could affect the future results of operations of Holcim, Lafarge or the Combined Group and could cause those results to differ materially from those expressed in the forward-looking statements included in this U.S. Private Placement Memorandum and the Offer Documents:

- failure to integrate the Combined Group and realize the expected synergies;
- depreciation of goodwill and non-financial assets;
- downgrading of the Combined Group's debt ratings;
- cyclicality of the construction industry;
- changes in the global economic outlook;
- obligations under pension plans;
- fluctuations in energy prices;
- the availability of raw materials;
- business interruption and closures of production sites;
- seasonal fluctuations in the construction business;
- the competitive nature of cement and other building material markets;

- regulation by competition authorities of the cement and building materials sectors;
- other materials or techniques may supplant the need for cement;
- risks in emerging markets;
- exposure to meteorological or geological disasters;
- the need for capital including to invest in and maintain production capacity;
- reliance on outside service providers, in particular for logistical services;
- acquisitions that face difficulties or delays in adding value;
- operations carried out through subsidiaries or joint ventures in which they are not majority stakeholders;
- litigations or other legal proceedings;
- impairment of non-financial assets;
- health and safety regulations and environmental regulations, which include regulations on carbon dioxide, waste management, and mining specific regulations;
- other significant government regulations; and
- the risk of damage to people, places or reputation.

The above factors are in addition to those factors discussed elsewhere in this U.S. Private Placement Memorandum, including matters discussed under the heading "Risk Factors" on pages 44 to 58 of the 2014 Holcim Registration Document (including pages 174 to 186 of the free English Translation of the 2014 Lafarge Registration Document, which is incorporated by reference therein).

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as at the date of the particular statement. Holcim undertakes no obligation to (and expressly disclaims any such obligations to) update publicly or revise any forward-looking statement as a result of new information, future events or otherwise. In light of these risks, the results of Holcim, Lafarge or the Combined Group could differ materially from the forward looking statements contained in this U.S. Private Placement Memorandum and the documents incorporated herein by reference.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain US federal income tax consequences to a US Holder, as defined below, of the exchange of Lafarge Shares for Holcim Shares pursuant to the Offer, and the ownership and disposition of any Holcim Shares received pursuant to the Offer. This summary deals only with US Holders who hold Lafarge Shares as capital assets and who will hold any Holcim Shares received pursuant to the Offer as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, a US Holder as a result of disposing of Lafarge Shares pursuant to the Offer or, if applicable, the ownership or disposition of Holcim Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-US or other tax laws. This summary also does not address tax considerations applicable to investors that own or will own (directly, indirectly, or by attribution) 5 percent or more of the voting shares of Lafarge or Holcim, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that hold Lafarge Shares or will hold Holcim Shares as part of a straddle, hedge, conversion, integrated transaction or other risk-reduction transaction for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors holding shares in connection with a trade or business conducted outside of the United States, US expatriates, or investors whose functional currency is not the US dollar).

As used herein, the term ‘‘US Holder’’ means a beneficial owner of Lafarge Shares (or, following the Offer, a holder of Holcim Shares received pursuant to the Offer) that is, for US federal income tax purposes, (A)(i) an individual citizen or resident of the United States; (ii) a corporation created or organized under the laws of the United States or any State thereof; (iii) an estate the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or (y) the trust has validly elected to be treated as a domestic trust for US federal income tax purposes; and (B) a resident of the United States for purposes of the tax treaty between the United States and Switzerland (the "**Treaty**") that is fully eligible for the benefits of the Treaty pursuant to the "Limitation on Benefits" provision thereof.

It is assumed for purposes of this summary that each of Lafarge and Holcim is not, has not at any time been, and will not be after the Offer a ‘‘controlled foreign corporation’’, as such term is defined in Section 957(a) of the Code.

The US federal income tax treatment of a partner in an entity treated as a partnership for US federal income tax purposes that holds Lafarge Shares (or, following the completion of the Offer, holds Holcim Shares) will depend on the status of the partner and the activities of the partnership. Entities treated as partnerships for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the Offer.

This discussion assumes that neither Lafarge nor Holcim is a ‘‘passive foreign investment company’’ ("**PFIC**"), for US federal income tax purposes and that Lafarge has never been a PFIC. Holcim does not believe that it is a PFIC, and Lafarge has informed Holcim that Lafarge does not believe it is or has been a PFIC. However, this determination depends on the application of complex US federal income tax rules and may change annually. If Lafarge or Holcim were to be a PFIC in any year, materially adverse consequences could result for US Holders. US Holders should consult their tax advisers regarding the potential application of the PFIC regime.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the Treaty, all as of the date hereof and all subject to change at any time, possibly with retroactive effect. This discussion is not binding on the US Internal Revenue Service (the "**IRS**").

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. IT IS NOT INTENDED TO BE RELIED UPON BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE U.S. INTERNAL REVENUE CODE. HOLDERS OF LAFARGE SHARES SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING HOLCIM SHARES PURSUANT TO THE OFFER AND OWNING AND DISPOSING OF SUCH SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

1 Exchange of Lafarge Shares for Holcim Shares

The US federal income tax consequences for US Holders who exchange their Lafarge Shares for Holcim Shares in the Offer should depend on whether Holcim's acquisition of Lafarge Shares pursuant to the Offer is considered to occur pursuant to a reorganization under the Code (a "**Reorganization**"). The exchange of Lafarge Shares for Holcim Shares pursuant to the Offer will be considered part of a Reorganization only if (i) Holcim acquires Lafarge Shares pursuant to the Offer and any additional transactions that are treated as part of an integrated acquisition for US federal tax purposes (the Offer and such additional transactions together, the "**Acquisitions**") that possess at least 80 percent of the total combined voting power of Lafarge Shares and (ii) all of the Lafarge Shares that Holcim acquires in the Acquisitions are acquired solely in exchange for Holcim stock (other than cash in lieu of fractional shares). There is no certainty that Holcim will acquire Lafarge Shares that possess at least 80 percent of the total combined voting power of Lafarge Shares. Furthermore if Holcim acquires Lafarge Shares representing at least 95 percent of the share capital and voting rights of Lafarge, Holcim may implement a "squeeze out", under which Holcim intends to offer Lafarge shareholders, at the shareholder's election, either Holcim Shares or cash in exchange for their Lafarge Shares. French law requires that a squeeze out includes a cash offer. Any acquisition by Holcim of Lafarge Shares pursuant to the Acquisitions in exchange for cash or consideration other than Holcim stock, such as through a squeeze out, would cause the exchange of Lafarge Shares for Holcim Shares pursuant to the Offer to fail to qualify as a Reorganization.

Accordingly, although it is possible that exchanges of Lafarge Shares for Holcim Shares made in the Offer could occur pursuant to a Reorganization, this determination depends on a number of facts that are currently unknown. If, after completion of the Acquisitions, Holcim determines that no Lafarge Shares have been acquired for cash or consideration other than Holcim stock and that Holcim has acquired Lafarge Shares that possess at least 80 percent of the total combined voting power of Lafarge Shares, Holcim intends to post a notice of this determination on its website. US Holders should consult their tax advisers regarding whether the US Holder's exchange of Lafarge Shares for Holcim Shares should be treated as occurring pursuant to a Reorganization.

1.1 Taxable Transaction Treatment—Exchange Not Pursuant to a Reorganization

Provided that the Acquisitions fail to qualify as a Reorganization, a US Holder's disposition of its Lafarge Shares pursuant to the Offer generally will be a taxable transaction for US federal income tax purposes. In such case, a US Holder will recognise gain or loss equal to the difference between the fair market value of the Holcim Shares received and its adjusted tax basis in the Lafarge Shares exchanged therefor. The US Holder's gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if such holder's Lafarge Shares have been held for more than one year on the date of disposition. The amount and character of any gain or loss will be computed separately for each block of Lafarge Shares that was purchased by the US Holder in the same transaction. The deductibility of capital losses is subject to limitations under the Code. For US federal income tax purposes, a US Holder's basis in any Holcim Shares received will be equal to the US dollar fair market value of such Holcim Shares on the date of their acquisition, and a US Holder's holding period with respect to such Holcim Shares will begin on the day after the Holcim Shares were acquired.

1.2 Tax-Deferred Reorganization Treatment—Exchange Pursuant to a Reorganization

If the Acquisitions qualify as a Reorganization, then, except as provided below under ''—*Cash in Lieu of Fractional Shares*'', a US Holder generally will not recognise any gain or loss on the exchange of Lafarge Shares for Holcim Shares pursuant to the Offer. The aggregate adjusted tax basis of a US Holder in Holcim Shares received pursuant to the Offer will equal such US Holder's aggregate adjusted tax basis in its Lafarge Shares exchanged therefor. If a US Holder acquired different blocks of Lafarge Shares at different times or at different prices, the US Holder's adjusted tax basis and holding period in the Holcim Shares will be determined separately for each block of shares. The holding period of a US Holder in the Holcim Shares received pursuant to the Offer will include such US Holder's holding period in its Lafarge Shares exchanged therefor.

2 Scrip Dividend

US Holders should generally not recognize gain or loss on the receipt of Holcim Shares pursuant to the scrip dividend, except with respect to cash received in lieu of fractional shares. The basis of the shares received pursuant to the scrip dividend (including fractional shares for which cash is received) should generally be determined by allocating, proportionately, a US Holder's basis in its Holcim Shares prior to the scrip dividend between the Holcim Shares held before the scrip dividend and the shares received pursuant to the scrip dividend (including fractional shares for which cash is received). For the tax treatment of cash received in lieu of fractional shares, see "—*Cash in Lieu of Fractional Shares*".

3 Cash in Lieu of Fractional Shares

A US Holder who receives cash in lieu of a fractional share of Holcim will generally be treated as having received the fractional share and then as having received cash in exchange for such fractional share. The US Holder will generally recognise capital gain or loss measured by the difference between the US dollar value of the foreign currency received for such fractional share on the date of the deemed exchange and the holder's tax basis in the fractional share. In addition, on the settlement date, the US Holder generally will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of the deemed exchange and the settlement date. However, in the case of Shares traded on an established securities market that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date, and no exchange gain or loss will be recognised at that time. US Holders should consult their tax advisers regarding the consequences of the Acquisitions.

4 Ownership and Disposition of Holcim Shares

4.1 Dividends

4.1.1 General

Distributions paid by Holcim out of current or accumulated earnings and profits (as determined for US federal income tax purposes), before reduction for any Swiss withholding tax paid by Holcim with respect thereto, will generally be taxable to a US Holder as dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the shares and thereafter as capital gain. Because Holcim does not plan to maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles, US Holders should assume that any distribution by Holcim with respect to Holcim Shares will constitute ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from Holcim.

Dividends paid by a "qualified foreign corporation" are generally taxable to a non-corporate US Holder at the reduced rate normally applicable to long-term capital gains, provided that certain requirements are met. Holcim will generally be a "qualified foreign corporation" provided that (a) it is not treated as a "passive foreign investment company" with respect to a US Holder and (b) it is eligible for the benefits of a comprehensive income tax treaty with the United States that the Secretary of the Treasury determines is satisfactory for purposes of this provision and which includes an exchange of information program. Holcim expects to be considered a qualified foreign corporation for this purpose, and therefore, dividends paid on Holcim Shares should qualify for the preferential rate.

4.1.2 Foreign Currency Dividends

Dividends paid in Swiss francs will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the Swiss francs are converted into US dollars at that time. If dividends received in Swiss francs are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

4.1.3 Effect of Swiss Withholding Taxes

As discussed in paragraph 2.21 of the Holcim Offer Document, under current law payments of dividends by Holcim to foreign investors are subject to Swiss withholding tax. The rate of withholding tax applicable to US Holders is reduced to a maximum of 15 percent under the Treaty. For US federal income tax purposes, US Holders will be treated as having received the amount of Swiss taxes withheld by Holcim, and as then having paid over the withheld taxes to the Swiss taxing authorities. As a result of this rule, the amount of dividend income included in gross income for US federal income tax purposes by a US Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the US Holder from Holcim with respect to the payment.

A US Holder generally will be entitled, subject to certain limitations, to a credit against its US federal income tax liability, or a deduction in computing its US federal taxable income, for Swiss income taxes withheld by Holcim. For purposes of the foreign tax credit limitation, foreign source income is classified in one of two "baskets", and the credit for foreign taxes on income in any basket is limited to US federal income tax allocable to that income. Dividends paid by Holcim generally will constitute foreign source income in the "passive category income" basket. If a US Holder receives a dividend from Holcim that qualifies for the reduced rate described above under "*--Dividends—General*", the amount of the dividend taken into account in calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. In certain circumstances, a US Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes imposed on a dividend if the US Holder has not held the shares for at least 16 days in the 31-day period beginning 15 days before the ex dividend date.

US Holders that are accrual basis taxpayers, and who do not otherwise elect, must generally translate Swiss taxes into US dollars at a rate equal to the average exchange rate for the taxable year in which the taxes accrue, while all US Holders must translate taxable dividend income into US dollars at the spot rate on the date received. This difference in exchange rates may reduce the US dollar value of the credits for Swiss taxes relative to the US Holder's US federal income tax liability attributable to a dividend. However, cash basis and electing accrual basis US Holders may translate Swiss taxes into US dollars using the exchange rate in effect on the day the taxes were paid. Any such election by an accrual basis US Holder will apply for the taxable year in which it is made and all subsequent taxable years, unless revoked with the consent of the IRS.

US Holders should consult their tax advisers concerning the foreign tax credit implications of the payment of Swiss taxes.

4.2 Sale or Other Disposition

Upon a sale or other disposition of Holcim Shares, a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realized on the sale or other disposition and the US Holder's adjusted tax basis in the Holcim Shares. This capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in the Holcim Shares exceeds one year.

Any gain or loss generally will be US source. The amount realized on a sale or other disposition of Holcim Shares for an amount in foreign currency generally will be the US dollar value of this amount on the date of sale or disposition. On the settlement date, the US Holder generally will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Holcim Shares traded on an established securities market that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), the amount realized will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

5 Information Reporting and Backup Withholding

Payments of dividends and other proceeds with respect to Holcim Shares and Lafarge Shares by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Holcim Shares.

ENFORCEMENT OF FOREIGN JUDGMENTS AND SERVICE OR PROCESS

Holcim Ltd is a corporation limited by shares organized under the laws of Switzerland, with its registered office at Zürcherstrasse 156, 8645 Jona, Switzerland whose shares are traded on the SIX Swiss Exchange in Zurich (“SIX”). Most of the members of Holcim’s and Lafarge’s respective boards of directors reside outside the United States, and a substantial portion of their respective assets are located outside the United States. As a result, it may not be possible for you to effect service of process within the Unites States upon such persons or enforce against Holcim, the Combined Group or any of their respective board members judgments of U.S. courts predicated upon the civil liability provisions of the U.S. federal securities laws. Holcim has been advised by its Swiss counsel that if an original action is brought in Switzerland predicated solely upon the U.S. federal securities laws, Swiss courts may not have the requisite jurisdiction to grant the remedies sought. Furthermore, it is doubtful whether a Swiss court would enforce a judgment of any court of the United States, or any political subdivision thereof, predicated solely upon federal or state securities laws of the United States.

INDEPENDENT AUDITORS

Holcim’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union, as of and for the years ended December 31, 2012, 2013 and 2014, and an English translation thereof is included in the free English translation of the 2014 Holcim Registration Document included as Annex B in this U.S. Private Placement Memorandum. These consolidated financial statements have been audited by Ernst & Young Ltd, as stated in their reports appearing in the 2014 Holcim Registration Document.

Lafarge’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as of and for the years ended December 31, 2012, 2013 and 2014, and an English translation thereof is included in the 2014 Lafarge Registration Document incorporated by reference in this U.S. Private Placement Memorandum. These consolidated financial statements have been audited by Deloitte & Associés and Ernst & Young et Autres, as stated in their reports appearing in the 2014 Lafarge Registration Document.

EXHIBIT I

Form of Investor Letter

NOTE TO QIBS: IN ORDER TO BE ENTITLED TO TENDER INTO THE OFFER OR, AS THE CASE MAY BE, THE RE-OPENED OFFER, YOU MUST EXECUTE AND RETURN THIS INVESTOR LETTER, TOGETHER WITH YOUR TENDER INSTRUCTIONS, TO YOUR FINANCIAL INTERMEDIARY PRIOR TO THE EXPIRATION OF THE OFFER ON 5:30 P.M. (PARIS TIME) ON JULY 3, 2015 OR SUCH EARLIER TIME AS MAY BE SPECIFIED BY SUCH FINANCIAL INTERMEDIARY OR, IN RESPECT OF THE RE-OPENED OFFER, PRIOR TO THE EXPIRATION OF THE RE-OPENED OFFER ON 5:30 P.M. (PARIS TIME) ON JULY 28, 2015 OR SUCH EARLIER TIME AS MAY BE SPECIFIED BY SUCH FINANCIAL INTERMEDIARY. COPIES OF SUCH DOCUMENTS MUST ALSO BE SENT TO HOLCIM LTD, HAGENHOLZSTRASSE 85, CH-8050 ZURICH, SWITZERLAND (MICHEL GERBER, HEAD INVESTOR RELATIONS, FAX: +41 58 858 80 09, E-MAIL: MICHEL.GERBER@HOLCIM.COM) BY SUCH TIME.

[Letterhead of Investor]

[Financial Intermediary]

[Date]

Holcim Ltd
Head Investor Relations
Hagenholzstrasse 85
CH-8050 Zurich
Switzerland

Exchange Offer of Lafarge Shares for New Shares of Holcim

Dear Sirs:

In connection with the Offer (the “Offer”) made by Holcim Ltd (“Holcim”) to holders of ordinary shares of Lafarge S.A.(the “Lafarge Shares”), during the period from June 1, 2015 to July 3, 2015 (the “Tender Period”), to tender such shares to Holcim in exchange for new Holcim Shares (the “Holcim Shares”), at a ratio of nine new Holcim Shares for every ten Lafarge Shares validly tendered and not withdrawn at the close of the Tender Period and, if the Offer is successful, the re-opened offer (the “Re-opened Offer”) which will automatically start at the latest 10 trading days after the publication of the results of the Offer and which will last for a minimum period of ten (10) trading days, we confirm that:

(1) We, and each discretionary account for which we are receiving delivery of Holcim Shares in the Offer or, as the case may be, the Re-opened Offer, are a “qualified institutional buyer” (“QIB”) within the meaning of Rule 144A (“Rule 144A”) under the U.S. Securities Act of 1933 (the “Securities Act”);

(2) We understand and acknowledge (and each other QIB, if any, for whose account we are receiving Holcim Shares has been advised, understands and has acknowledged) that (1) the Holcim Shares have not been or will not be registered under the Securities Act, or any state securities laws, (2) the Holcim Shares may not be offered, sold, delivered, hypothecated or encumbered (collectively, "transferred") in the United States (except in accordance with paragraph 8 below), and (3) the Holcim Shares will be acquired by us in a transaction exempt from the registration requirements of the Securities Act.

(3) We acknowledge that we have (i) conducted our own investigation and appraisal of the Offer or, as the case may be, the Re-Opened Offer, the Holcim Shares and the business results, financial condition, prospects, credit worthiness, status and affairs of Holcim, Lafarge and the Combined Group, (ii) made our own investment decision to acquire Holcim Shares, (iii) made our own assessment concerning the relevant tax, legal and other economic considerations relevant to our investment in Holcim Shares and (iv) received and read a copy of the U.S. Private Placement Memorandum dated May 28, 2015 (the "U.S. Private Placement Memorandum"), and have had access to such financial and additional information, if any, concerning Holcim, Lafarge, the Combined Group, the Holcim Shares, the Offer and, as the case may be, the Re-Opened Offer as we have reasonably requested in connection with our investment decision to purchase the Holcim Shares as contemplated hereby. We are aware and understand that an investment in Holcim Shares involves a considerable degree of risk and no U.S. federal or state or non-U.S. agency has made any finding or determination as to the fairness for investment or any recommendation or endorsement of any such investment.

(4) We acknowledge that none of Holcim, Lafarge, the Combined Group, or any person representing the foregoing has made any representation to us with respect to the Holcim Shares, the Offer or, as the case may be, the Re-opened Offer or the accuracy, completeness or adequacy of any financial or other information concerning the Holcim, Lafarge, the Combined Group, the Offer or, as the case may be, the Re-opened Offer or the Holcim Shares other than as set forth in the U.S. Private Placement Memorandum, which has been delivered to us, and upon which we are relying solely in making our investment decision with respect to the Holcim Shares.

(5) We have not distributed, forwarded, transferred or otherwise transmitted the U.S. Private Placement Memorandum (including electronic copies thereof) to any person within the United States (other than a QIB on behalf of which we act), and we agree that the U.S. Private Placement Memorandum shall not be so distributed, forwarded, transferred or otherwise transmitted by us. We have held and will hold the U.S. Private Placement Memorandum in confidence, it being understood that such materials have been received solely for our use in connection with the Offer and, as the case may be, the Re-Opened Offer. We acknowledge that we have read and agreed to the matters set forth under the heading "Notice to U.S. Investors" in the U.S. Private Placement Memorandum.

(6) We, and each other QIB, if any, for whose account we are acquiring Holcim Shares in the Offer or, as the case may be, the Re-opened Offer, are a corporation, partnership or other entity (i) investing in or purchasing securities similar to the Holcim Shares in the normal course of business and (ii) having such knowledge and experience in financial and business maters as to be capable of evaluating the merits and risks of our investment decision to purchase the Holcim Shares and we or the discretionary accounts for which we are purchasing are able to bear the economic risk of such investment for an indefinite period of time.

(7) As a recipient in a private placement of Holcim Shares that have not been registered under the Securities Act, we are receiving the Holcim Shares:

(a) for our own account; or

(b) for the account of one or more QIBs (i) for which we are acting as duly authorized fiduciary or agent and exercising sole investment discretion with respect to each such account ("discretionary account") and (ii) as to which discretionary account we have full authority to make and do hereby make the statements, acknowledgments, representations and agreements contained in this agreement with respect to each such account,

in each case for investment and not with a view to or for any resale or distribution or other disposition or fractionalization of any such Holcim Shares, in whole or in part, in the United States. We understand that the Holcim Shares are being issued to us in the manner set out in article 2.5.4 ("Transferability and Tradability of the Holcim Shares Issued in the Context of the Offer – Listing") of the Holcim Offer Document.

(8) We understand that the Holcim Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, and we agree that if, prior to one year after completion of distribution of the Holcim Shares pursuant to the Offer or, as the case may be, the Re-opened Offer, we or any discretionary account on whose behalf we are acting wish to dispose of or exchange any Holcim Shares, we or such discretionary account, as applicable, will not transfer any of the Holcim Shares, directly or indirectly, unless such transfer is an offshore transaction that is deemed to occur outside of the United States under Regulation S under the Securities Act, including a resale that satisfies the requirements of such Regulation S executed in, on or through the facilities of, Euronext Paris or SIX Swiss Exchange. We understand (and each discretionary account for which we are acting has been advised and understands) that no representation has been made as to the availability of any exemption under the Securities Act or any applicable securities laws of any state or other jurisdiction of the United States for the reoffer, resale, pledge or transfer of Holcim Shares.

(9) We agree that for so long as the Holcim Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will not deposit Holcim Shares with the depositary of any American Depositary Receipt facility in respect of Holcim shares.

(10) We are not acquiring Holcim Shares as a result of any "general solicitation" or "general advertising" (as those terms are defined in Regulation D under the Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over the radio or television or as a result of any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

(11) We understand that the documents attached to and incorporated by reference in the U.S. Private Placement Memorandum have been prepared in accordance with French requirements relating to content, format and style, which differ from U.S. requirements relating to content, format and style. In particular, but without limitation, the financial information contained and incorporated by reference in the U.S. Private Placement Memorandum has been prepared in accordance with International Financial Reporting Standards, and therefore may not be comparable to financial statements of U.S. companies prepared in accordance with U.S. generally accepted accounting principles. We understand that there may be certain consequences under United States and other tax laws resulting from an investment in the Holcim Shares and we have made such investigation and have consulted our own independent

advisers or otherwise have satisfied ourselves concerning, without limitation, the effects of the United States federal, state and local income tax laws and foreign tax laws generally and the U.S. Employee Retirement Income Security Act of 1974, as amended, the U.S. Investment Company Act of 1940, as amended, and the Securities Act.

(12) We acknowledge that our acquisition of Holcim Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this letter. We further acknowledge that Holcim, Lafarge, the Combined Group, and their respective affiliates and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties and agreements contained herein. We undertake promptly, and in any event prior to our receipt of Holcim Shares in the Offer or, as the case may be, the Re-opened Offer, to inform Holcim if, before that time, any of the foregoing statements ceases to be true.

(13) The terms and provisions of this letter shall inure to the benefit of and shall be enforceable by Holcim, Lafarge, the Combined group, and their successors and permitted assigns, and the terms and provisions hereof shall be binding on our permitted successors in title, permitted assigns and permitted transferees.

(14) We and any person acting on our behalf have all necessary consents and authorities to enable us to enter into the transactions contemplated hereby and to perform our obligations in relation thereto.

In this letter the term “United States” shall have the meaning set out in Regulation S under the Securities Act.

Capitalized terms used in this letter without definition have the respective meanings assigned to them in the U.S. Private Placement Memorandum.

We understand that this letter is required in connection with the laws of the United States. Holcim, Lafarge, the Combined Group, and their affiliates and any person acting on their behalf are entitled to rely on this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding, dispute or official inquiry with respect to the matters covered thereby.

Very truly yours,

[Name of Purchaser],

By ______________________
Name:
Title:

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You should not make any investment decision based on the excluded sections referenced above, and any references to the documents referenced above are deemed to exclude such sections.

In the event of any ambiguity or conflict between corresponding statements or other items contained in these free English translations and the original French versions, the relevant statements or items of the French versions shall prevail. Holcim assumes no liability with respect to any such ambiguity or conflict resulting from translations of these documents from French to English.

ANNEX A

FREE ENGLISH TRANSLATION OF THE HOLCIM OFFER DOCUMENT
(*NOTE D'INFORMATION DE L'INITIATEUR*)

In the event of any differences between this unofficial English language translation and the official French document, the official French document shall prevail.

PUBLIC EXCHANGE OFFER

FOR THE SHARES OF

LAFARGE

INITIATED BY

Holcim

PRESENTED BY

SOCIETE GENERALE
Corporate & Investment Banking

UBS
UBS Securities France

HOLCIM LTD OFFER DOCUMENT
(*NOTE D'INFORMATION*)

EXCHANGE RATIO: 9 newly issued Holcim Ltd shares for 10 Lafarge S.A. shares

OFFER PERIOD: The calendar shall be determined by the Autorité des marchés financiers (the "**AMF**") pursuant to its general regulations.

AMF AUTORITÉ DES MARCHÉS FINANCIERS

This document is an unofficial English-language translation of the offer document (*note d'information*) prepared and filed with the AMF on 11 May 2015, in accordance with articles 231-13, 231-16 and 231-18 of the general regulations of the AMF.

In the event of any differences between this unofficial English-language translation and the official French document, the official French document shall prevail.

Pursuant to article L. 621-8 of the monetary and financial code and article L. 231-23 of the General Regulations of the AMF, the AMF, by applying the statement of compliance of the public offer dated 28 May 2015, has affixed on this prospectus the visa n° 15-226 dated 28 May 2015. This prospectus was drawn by Holcim Ltd under the responsibility of its signatories. Pursuant to article L. 621-8-1 I of the monetary and financial code, the AMF affixed the visa after having verified "that the document is complete and comprehensible and that the contained information is consistent". It implies neither an approval relating to the offer price or the advisability of the operation, nor certification of the given accounting and financial information.

IMPORTANT NOTICE

Pursuant to article L. 433-4 III of the monetary and financial code and articles 237-14 *et seq.* of the general regulations of the Autorité des marchés financiers, in the event that the minority shareholders of Lafarge do not represent, at the end of the Offer acceptance period, more than 5% of the capital or voting rights of Lafarge, Holcim reserves the rights to request the AMF to implement, within a three-month period after the end of this Offer acceptance period, a squeeze-out procedure to allow transfer to it of the Lafarge shares not tendered to the Offer (except treasury shares). The implementation of such squeeze-out will be subject to examination by the AMF.

In the event of any differences between this unofficial English language translation and the official French document, the official French document shall prevail.

This offer document is available on the website of the AMF (www.amf-france.org) and of Holcim (www.holcim.com). Copies of this offer document are also available free of charge upon request at:

Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	Société Générale Corporate Finance 75886 Paris Cedex 18 France	UBS Securities France S.A. 69 Boulevard Haussmann 75008 Paris France

In accordance with article 231-28 of the general regulations of the AMF, information relating in particular to the legal, financial and accounting aspects of Holcim will be made available to the public in the same manner as mentioned above no later than the day preceding the opening of the public exchange offer.

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1 Presentation of the Offer

1.1 Presentation of the Offer

Pursuant to Section III of Book II and more specifically articles 232-1 *et seq.* of the general regulations of the AMF (the "**AMF General Regulations**"), Holcim Ltd, a company organized under the laws of Switzerland, having its registered office at Zürcherstrasse 156, 8645 Jona, Switzerland (hereafter referred to as "**Holcim**" or the "**Offeror**" and, after the successful closing of the Offer, "**LafargeHolcim**"), whose shares are traded on the SIX Swiss Exchange in Zurich ("**SIX**"), irrevocably offers to the shareholders of Lafarge S.A., a *société anonyme* with a share capital of EUR1,151,729,248 as at 30 April 2015, having its registered office at 61 rue des Belles Feuilles, 75116 Paris, registered with the Company Registry of Paris under the identification number 542 105 572 ("**Lafarge**" or the "**Company**"), whose shares are traded on the Euronext Paris market (*Compartiment A*) (hereafter, "**Euronext Paris**") under ISIN Code FR0000120537, to exchange, pursuant to the terms and conditions set forth below, all shares of Lafarge they hold for newly issued shares of Holcim according to an exchange ratio of nine newly issued shares of Holcim for ten shares of Lafarge (the "**Offer**").

The Offer is made for:

- all existing and outstanding shares of Lafarge, i.e., to Holcim's knowledge, 287,932,312 shares as of the date of this offer document, including all outstanding shares of Lafarge issued pursuant to performance share plans and still in the holding period, i.e. 277,902 shares as of the date of this offer document, being specified that any outstanding holding period at the date of the exchange would apply to the Holcim shares received in exchange;
- all shares of Lafarge, that may be issued prior to the end of the Offer acceptance period (or, as applicable, until the end of the re-opening of the Offer acceptance period) as a result of the exercise of outstanding stock options, i.e. 5,407,702 shares as of the date of this offer document;

altogether representing to the knowledge of Holcim a maximum number of 293,340,014 shares of Lafarge (the "**Lafarge Shares**").

Except for cases where there is an applicable exception to the vesting period established under legal or regulatory provisions (such as the death or disability of the beneficiary), certain Lafarge Shares which may be issued upon the exercise of Lafarge stock options prior to the end of the Offer acceptance period (or, as applicable, prior to the end of the re-opening of the Offer acceptance period) may not be tendered to the Offer because of legal, regulatory or governance constraints. In addition, certain Lafarge Shares issued pursuant to performance share plans may not be tendered to the Offer for the same reasons. To the extent permitted under applicable regulations, such Lafarge Shares will be the subject of liquidity mechanisms as described in article 2.8 of this offer document.

The shares of Lafarge issued pursuant to performance share plans still in the vesting period at the end of the Offer acceptance period (or at the end of the Re-opened Offer acceptance period as defined in article 2.13 of this offer document) are not targeted by the Offer, except when non-transferability is waived as provided by legal or regulatory provisions (such as the death or disability of the beneficiary).

The main characteristics of the Lafarge stock options, the Lafarge performance share plans and the Lafarge Shares held in employee funds are described in article 2.7 of this offer document.

At the date of this offer document, Holcim does not hold directly or indirectly, alone or in concert with any other party, any share of Lafarge. In addition, Holcim has not entered into any agreement, at the date hereof, which would enable it, on its own initiative, to acquire any shares of Lafarge.

The Offer is subject to the satisfaction of the following conditions which are further detailed in article 2.9 of this offer document:

– the number of Lafarge Shares obtained by the Offeror shall represent, together with the shares of Lafarge held by Lafarge or its affiliates, as of the end date of the Offer acceptance period, at least two-thirds (2/3) of the share capital or voting rights (taking into account the loss of double voting rights of Lafarge Shares tendered to the Offer) of Lafarge; and

– the general meeting of shareholders of Holcim shall have approved the increase in Holcim's share capital in such a maximum amount as may be necessary to issue the Holcim shares to be delivered as consideration for the Lafarge Shares tendered to the Offer, as well as the amended Holcim articles of association and the Holcim shares to be issued and delivered as consideration for the Lafarge Shares tendered to the Offer shall have been registered with the commercial register of St. Gallen, Switzerland, in accordance with Swiss law.

The Offer will be carried out according to the normal procedure in accordance with the provisions of article 232-1 *et seq.* of the AMF General Regulations. Société Générale and UBS Securities France S.A. ("**UBS Securities**"), as presenting banks of the Offer, warrant, in accordance with the provisions of article 231-13 of the AMF General Regulations, the content and irrevocable nature of the undertakings made by the Offeror in connection with the Offer.

1.2 Context and Reasons for the Transaction

1.2.1 Context of the Offer

Following various exchanges during which representatives of Holcim and Lafarge discussed key aspects of a strategic combination of their business through a merger of equals, with a view to creating the most advanced group in the building materials industry, the respective boards of directors of Holcim and Lafarge (the "**Holcim Board of Directors**" and the "**Lafarge Board of Directors**" respectively) agreed on the industrial and strategic potential of the combination and to enter into a negotiation and exclusivity agreement pursuant to which they granted an exclusivity to each other to discuss the possible terms of the transaction to be structured as an exchange offer under which Holcim would offer to acquire Lafarge Shares according to an exchange ratio of one Lafarge Share for one newly issued Holcim share. Such agreement was executed on 6 April 2014.

Following the execution of the negotiation and exclusivity agreement, Holcim and Lafarge published on 7 April 2014, a joint press release which is available on the respective websites of Holcim (www.holcim.com) and Lafarge (www.lafarge.com), in which Holcim and Lafarge described the key highlights of the Offer.

1.2.2 Combination Agreement

On 7 July 2014, following completion of the consultation process of relevant employee representative bodies, Holcim and Lafarge entered into an agreement (the "**Combination Agreement**") whereby Holcim and Lafarge agreed to jointly prepare the launching by Holcim of a public tender offer in France pursuant to which Holcim undertakes to acquire all Lafarge Shares according to an exchange ratio of one Lafarge Share for one newly issued Holcim share. In the context of this

Combination Agreement, Holcim and Lafarge respective boards of directors unanimously determined that the proposed Offer was in the best interests of respectively Holcim and Lafarge, their respective shareholders, employees and other stakeholders.

On 20 March 2015, Holcim and Lafarge published a joint press release, which is available on the respective websites of Holcim (www.holcim.com) and Lafarge (www.lafarge.com), pursuant to which they announced that they have reached an agreement to amend certain terms of the proposed merger of equals (and the Combination Agreement), and more specifically that they agreed, among other things, on a new exchange ratio under the exchange offer of nine newly issued Holcim shares for ten Lafarge Shares.

Holcim and Lafarge agreed to take all actions reasonably necessary or desirable to implement the divestment process (as further described in article 1.2.3), the Euronext Paris listing of the newly issued Holcim Shares to be remitted in exchange for the Lafarge Shares tendered to the Offer and the Offer itself, as well as to use their respective reasonable best efforts to make any required offers under applicable law for shares of the relevant listed subsidiaries, with respect to which no waiver could be obtained.

Holcim and Lafarge also agreed that a post-closing exceptional scrip dividend shall be paid after the closing of the Re-opened Offer in respect of all LafargeHolcim shares, including newly issued Holcim shares exchanged for Lafarge Shares in the context of the Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim share for twenty existing LafargeHolcim shares, subject to the successful closing of the Offer. The authorized share capital based on which the board of directors of LafargeHolcim is authorized to distribute the scrip dividend was approved at the Holcim shareholders' meeting of 8 May 2015.

The Combination Agreement, as amended, also contains a number of provisions which are further described in other parts of this offer document, such as:

- the conditions to the Offer, as further described in article 2.9;
- the parity between the annual dividends paid in 2015 for the financial year 2014 by Holcim and Lafarge, as further described in article 2.3;
- the possibility for Holcim to proceed with certain transactions after the closing of the Offer, as further described in article 1.3.6 and 1.3.7; and
- the management and the governance of LafargeHolcim, the main terms of which are further described in article 1.3.3.

Pursuant to the Combination Agreement, Holcim and Lafarge shall pay a break-up fee of EUR350,000,000 to each other under the following conditions:

(i) a break-up fee shall be payable by Lafarge to Holcim in case of (i) a third party announces an offer to Lafarge relating to an alternative transaction (a) resulting in a change of the Lafarge Board of Directors' recommendation or support in respect of the Offer or (b) followed by a failure of the Offer (whether or not filed) and the execution of an alternative transaction agreement, or the approval or recommendation by Lafarge of an alternative transaction to the Lafarge shareholders, within nine (9) months after termination of the Combination Agreement, (ii) a failure to provide a required recommendation of the Lafarge Board of Directors or a change in the Lafarge Board of Directors' recommendation or support, (iii) a recommendation of an alternative transaction by the Lafarge Board of Directors, or (iv) any action taken by Lafarge to frustrate the Offer.

(ii) a break-up fee shall be payable by Holcim to Lafarge in case of (i) (a) a third party offer to Holcim relating to an alternative transaction resulting in a support to such alternative transaction or change of the Holcim Board of Directors' recommendation and (b) a termination of the Combination Agreement by Lafarge pursuant to condition (a) above or a termination either by Holcim or Lafarge if the shareholders' resolutions at the relevant Holcim general meetings required to complete the Offer are not approved, (ii) a third party offer to Holcim relating to an alternative transaction resulting in the Holcim general meeting failing to take a required shareholders' resolution, and the execution of an alternative transaction agreement, or the approval or recommendation by Holcim of an alternative transaction to the Holcim shareholders, within nine (9) months after termination of the Combination Agreement, (iii) a failure to provide a required recommendation of the Holcim Board of Directors or a change in the Holcim Board of Directors' recommendation or support, (iv) a recommendation of an alternative transaction by the Holcim Board of Directors, or (v) any action taken by Holcim to frustrate the transaction or the votes of shareholders at the relevant Holcim general meetings required to complete the Offer.

Independently of the circumstances described above, no break-up fee shall be payable by Holcim or Lafarge to each other if the Combination Agreement is terminated as a result of a material adverse effect event occurring prior to any of the events listed in (i) and (ii) above or if a condition to the Offer (as provided in article 2.9 of the offer document) is not satisfied.

The Holcim Board of Directors has approved the filing of the draft Offer on 7 May 2015. The Lafarge Board of Directors has approved the draft Offer and recommended that shareholders of Lafarge tender their shares to the Offer on 10 May 2015. The recommendation of the Lafarge Board of Directors on the Offer is set forth in the draft response document filed by Lafarge with the AMF on 11 May 2015.

1.2.3 Antitrust and Divestment Process

Holcim and Lafarge have agreed, subject to certain conditions, to divest certain entities and assets as part of a rebalancing of the global portfolio of the combined group resulting from the merger and to address potential regulatory concerns.

Shareholders of Lafarge should refer to article 2.6 of Part I (*Activities to Be Divested by Holcim and Lafarge*) of the Registration Document prepared by Holcim and registered with the AMF on 11 May 2015 under number I.15-034 (the "**Registration Document**") and to article B.4a of the securities note included in the prospectus prepared by Holcim which has been approved by the AMF on 28 May 2015 under number 15-233 for any details on this divestment process.

The Offer itself is not subject to any approval from any competition authority. However, the proposed transaction required obtaining approvals from several competition authorities.

In this respect, Holcim and Lafarge have obtained clearance of the combination by the competition authorities in the following jurisdictions: Brazil, Canada, China, Common Market for Eastern and Southern Africa (COMESA), European Union, India, Kenya, Mexico, Morocco, Russia, Serbia, Singapore, South Africa, Tanzania, Turkey, Ukraine and the United States.

Clearances by the competition authority of Mauritius is expected by end of May 2015. The review of the Indonesian competition authority, which is based on a voluntary filing, is also ongoing. The review of the Indonesian competition authority and of the competition authority of Mauritius has no suspensive effect on the Offer or the transaction.

All competition approvals required prior to the closing of the transaction have been obtained.

1.2.4 Reasons of the Offer and Benefits of the Transaction

Holcim and Lafarge are both worldwide leading producers of cement, aggregates (crushed stone, sand and gravel), ready-mix concrete and asphalt, and provide related services. Their building products and solutions are used to construct and renovate homes, buildings and infrastructure.

The vision of LafargeHolcim is to create the most advanced group in the building materials industry. The combination will create the best growth platform in the industry and enable LafargeHolcim to drive growth across its global, well-balanced footprint; deliver best-in-class operating performance and returns enhanced by synergies; and fundamentally transform the business. Furthermore, the combination will position LafargeHolcim to meet the changing market needs by enhancing the value proposition to meet customer demands, addressing challenges of urbanization, and setting the benchmark on corporate social responsibility, including sustainability and climate change mitigation. The compelling strategic rationale has been reinforced by the preparatory integration work undertaken since the announcement of the combination.

In 2014, on a combined basis, LafargeHolcim sold 263.0 million tons ("**mt**") of cement, 288.3 mt of aggregates and 56.7 million m^3 of ready-mix concrete through its geographic presence in around 90 countries. As of 31 December 2014, on a combined basis, LafargeHolcim had an installed production capacity of 386.5 million tons per annum ("**mtpa**") of cement. As of 31 December 2014, on a combined basis, it operated 251 cement, clinker and grinding plants, 621 aggregate plants and 1,640 ready-mix concrete plants worldwide and it had 115,000 full-time equivalent employees. In fiscal year 2014, on a pro forma basis, the combined group recorded net sales of CHF32.6 billion and an operating EBITDA of CHF6.7 billion. Its pro forma net financial debt and shareholders' equity as at 31 December 2014 were CHF17.9 billion and CHF43.4 billion, respectively.

(i) Creating the Most Advanced Group in the Building Materials Industry

(a) Market Trends That Represent Opportunities

The combination of Holcim and Lafarge brings together two leading building materials companies with the objective of creating the most advanced company in the building materials industry.

LafargeHolcim believes that it will create value for all stakeholders – customers, employees, communities and shareholders – by seizing the opportunities presented by the major trends of its market environment:

- **Population growth and rapid urbanization are driving demand for more housing and infrastructure.** By 2020, the world population is expected to reach approximately 7.7 billion, from 7.0 billion today, and approximately 1.0 billion more people compared to today are expected to live in or around urbanized areas in 2020. This trend affects emerging markets and mature economies differently. In emerging markets, this drives a demand for affordable multiple-dwelling housing, with a view to limiting urban sprawl and rehabilitating spontaneous, uncontrolled, constructed areas, while complying with building standards that tend to get closer to those of developed countries. It also drives the need for affordable infrastructure, and in particular transport infrastructure, so that living and working across those cities remains possible. In developed countries, the focus will be more on renovation and building solutions capable of contributing to the development of attractive and sustainable cities in a context of increasing environmental constraints.

- **Increasing demand for value-added products and services from building materials companies.** Competition between building materials companies is no longer only based on prices and the ability to deliver cement close to where it is needed. To differentiate themselves from their competitors, market actors need to offer innovative, user-tailored products and solutions, that improve the quality of buildings (e.g., environmental properties, aesthetics and durability), reduce the cost of either construction or the total cost of ownership lifecycle. They also increasingly offer global services and solutions to building companies.
- **Resource scarcity and climate change require environmentally friendly, energy-efficient building materials and processes.** The need to reduce CO2 emissions through, among others, more energy-efficient buildings is also a key driver for innovative, environmentally-friendly building materials. At the same time, building materials companies need to constantly adapt their processes to reduce their environmental footprint.

(b) LafargeHolcim Is Best Positioned to Seize These Opportunities

To seize these opportunities, LafargeHolcim will leverage the competitive advantages of Holcim and of Lafarge and the benefits of the combination of the two groups. Its new, well balanced, global footprint will allow it to respond to the demand for additional housing, commercial building and infrastructure in both emerging markets (Central and Eastern Europe, Asia, Middle East & Africa, Latin America) and mature economies on a large scale. The two companies' well established expertise, know-how and capacity to innovate, will allow the combined group to scale up its development of value-added solutions and services that respond to increasing environmental constraints. Its new organization will be focused on the provision of differentiating products and solutions to customers, architects, designers and end-users along the construction cycle.

Specifically, LafargeHolcim will rely on the following strengths:

- **A global, well-balanced footprint.** LafargeHolcim sells its products through its geographic presence in around 90 countries, with a strong presence and leadership positions in each of the world's major regions. It realized 2014 pro forma net sales of CHF10.1 billion in Asia Pacific, CHF8.1 billion in Europe, CHF5.8 billion in the Middle East and Africa, CHF5.6 billion in North America and CHF3.9 billion in Latin America (Lafarge historical information has been translated into Swiss Francs using an average exchange rate for the year ended December 31, 2014 of EUR1 = CHF1.2146). This footprint is also well-balanced, with 58 per cent. of the pro forma 2014 net sales realized in emerging markets and no country served by the combined group representing more than 10 per cent of 2014 pro forma net sales (except India and the United States representing both approximately 11 per cent.). At the same time, due to its broad scale, the combined group can focus on optimizing this network with selective investments. It gives the combined group a bigger platform to deploy trading activities, to take advantage of unused production capacity in certain areas to serve, and sometimes to enter, other markets.

- **Innovative and customer focused approach.** Both Holcim and Lafarge have long focused on bringing to their customers a range of innovative products and solutions that address a wide spectrum for needs of individual, professional and industrial end-users. LafargeHolcim will have the world's largest research & development center in the building materials industry, as well as a network of development laboratories in key regions around the world. The combined group will benefit from the market insight of its teams on the ground and from their proven capacity to successfully deploy tailored ways of bringing their products to their end-users and offering value-adding services to their customers.

- **Deep operational expertise, "local-global" model.** Both Holcim and Lafarge have in the past successfully developed and implemented strong operating models and processes and cost reduction measures, developing a capability to operate efficiently with a constant quality of products, while delivering savings with a strict and disciplined capital allocation across their entire portfolio. This group-wide expertise, superior performance management and continuous improvement mindset are leveraged at the local level through central support for expertise, cross-sharing of best practices and the best local teams.

- **Strong tradition of sustainable development, health and safety.** Holcim and Lafarge have demonstrated a commitment to the development of sustainable products with reduced environmental impacts, reflected in successes such as new cement and concrete products with reduced carbon footprints and insulation capacities, long-term reductions in CO2 emissions per tonne of cement produced, increased use of alternative energy sources, enhanced waste management programs, and preservation of water resources through wastewater recycling and rainwater recovery systems. LafargeHolcim's commitment to a "zero harm to people" principle is also reflected in the priority given to health and safety, to reduce lost-time incidents, as well as initiatives to promote diversity and inclusiveness in the workplace.

- **Financial and risk capacity.** Following the combination, LafargeHolcim expects to benefit from a position of financial strength. Its financial position should be further enhanced through synergies, improved cash flow generation, and its strategy of portfolio optimization and disciplined capital allocation, with the aim of providing attractive returns for its shareholders.

(ii) Synergies and Related Costs

LafargeHolcim believes that it is well positioned for sustainable and profitable growth, with the capacity to deliver synergies through operational efficiencies resulting from the implementation of best practices, cost synergies and economies of scale in procurement and selling, general and administrative expenses, and from the deployment of innovations on a larger scale, with the cross-fertilisation of Holcim's and Lafarge's respective value-added solutions and services portfolios. LafargeHolcim also believes that its enhanced cash flow generation and optimized capital allocation strategy may generate further cash synergies.

In connection with their evaluation of the merger, Holcim and Lafarge estimated the potential synergies resulting from their combination. These estimates are summarized below. Furthermore, those potential synergies were calculated at the foreign exchange rate of CHF1.223 per Euro, which prevailed around the date of the announcement of the merger on 7 April 2014.

LafargeHolcim is targeting run-rate synergies of EUR1.4 billion (CHF1.7 billion) phased in over three years following the completion of the combination, with EUR410 million (CHF500 million) of synergies in the first year (before non-recurring synergies implementation costs described below) and EUR900 million (CHF1.1 billion) of synergies phased-in in the second year (before non-recurring synergies implementation costs described below). Of the EUR1.4 billion (CHF1.7 billion) of run-rate synergies, LafargeHolcim estimates that it could realise around EUR1.0 billion (CHF1.2 billion) in operational synergies at the EBITDA level, EUR200 million (CHF240 million) in financing synergies and EUR200 million (CHF250 million) in capital expenditure synergies. Furthermore, LafargeHolcim targets one-time working capital synergies through the sharing of best practices of approximately EUR410 million (CHF500 million) over 3 years.

LafargeHolcim estimates that it will incur approximately EUR1.0 billion (CHF1.2 billion) of non-recurring synergies implementation costs during the two years following completion of the combination in order to implement these synergies.

Potential operational synergies could come from:

- Operational efficiencies realized from the selection and implementation of best practices, including in logistics, distribution, IT and energy consumption. The objective is to generate from these sources approximately EUR200 million (CHF240 million) of run-rate synergies at the EBITDA level;
- Procurement, including economies of scale and cost synergies achieved both through centralized procurement for certain global supplies and at the local level in countries where both Holcim and Lafarge are present. The objective is to generate from these sources approximately EUR340 million (CHF410 million) of run-rate synergies at the EBITDA level;
- Cost synergies in selling, general and administrative expenses due to the reduction or elimination of duplicative functions and the consolidation of corporate overhead, with the objective of generating approximately EUR250 million (CHF300 million) of run-rate synergies at the EBITDA level; and
- Deployment of innovations on a larger scale and the cross-fertilization of value-added product and services portfolio. The objective is to generate from these sources approximately EUR200 million (CHF240 million) of run-rate synergies at the EBITDA level.

The total operational synergies would therefore amount to approximately EUR1.0 billion (CHF1.2 billion) at the EBITDA level.

Potential financing and cash-flow synergies could come from:

- Financing synergies due to more favorable financing rates and synergies in cash allocation with a target of approximately EUR100 million (CHF120 million) from the end of the first year following the combination and up to approximately EUR200 million (CHF240 million) after the third year following the combination; and
- Capital expenditure synergies, through the selection and adoption of best practices on maintenance capital expenditures and higher efficiency on expansion capital expenditures, with a target of approximately EUR200 million (CHF250 million).

The total financing and cash flow synergies would therefore amount to approximately EUR400 million (CHF490 million).

These target synergies are based on a number of assumptions, which rely to a large extent on factors that are beyond the control of LafargeHolcim. LafargeHolcim may fail to realize these target synergies for many reasons, and in particular because it may have to bear significant implementation costs that could exceed the expected amounts, management may not be able to dedicate sufficient attention to the integration of the merged companies, and the combination and harmonization of the different standards, procedures, organization and business culture could be more difficult or take more time than anticipated, as well as the other factors described under Section 3 of Part I and Section 2 of Part II of the Registration Document, in Section 2 of the securities note included in the prospectus prepared by Holcim which has been approved by the AMF on 28 May 2015 under number 15-233 and in Section 5.1 of the

Lafarge 2014 *Document de Référence* filed with the AMF under n° D.15-0190.

1.3 Holcim's Intentions for the Next Twelve Months

1.3.1 Industrial Strategy and Policy

The vision of LafargeHolcim is to create the most advanced group in the building materials industry. For shareholders, LafargeHolcim seeks to generate attractive returns, by applying a disciplined approach to capital allocation to improve returns on capital employed and generate strong cash flows.

LafargeHolcim intends to implement five principal strategic initiatives to achieve these objectives:

- **Pro-active portfolio management and disciplined capital allocation.** LafargeHolcim intends to pro-actively manage its portfolio through a systematic review of the market attractiveness and performance of its assets. The focus will be to increase the utilization of the existing asset network, which covers all major geographical regions. In this context, LafargeHolcim intends to make selective investment or divestiture decisions, based on compelling business cases and a disciplined capital allocation process. Creating opportunities for viable growth and new business models will contribute to sustained competitiveness. LafargeHolcim will also seek to leverage its business portfolio through trading, partnerships or franchising. In parallel, LafargeHolcim will focus its resources on marketing and sales, innovation and operational excellence.
- **Serve the building needs of homebuilders and individuals.** Leveraging on the detailed local market knowledge of Holcim and Lafarge, the combined group will develop and roll-out differentiating strategies to market and bring its products to those who sell and use them. With respect to distributors and retailers, this will, for instance, involve marketing and customer loyalty support programs, advanced logistics to reach more isolated rural and urban communities, and a shortening of the distribution chain and partnerships with retail chains. With respect to homebuilders, individuals and other end-users, this will involve the introduction of innovative products and value-added services such as bundling or helping affordable housing financing solutions for individuals, and developing a brand associated with values such as respect for people, sustainability, quality, reliability, ease of purchase and ease of use.
- **Be the preferred partner for building and infrastructure.** LafargeHolcim will look to enhance and develop its in-depth understanding of end-users and the eco-systems in which its projects will be implemented. In the commercial construction segment, it will work with mature market customers on solutions that reduce their operational costs and create differentiation, and with emerging market customers to assist them in developing their reputations, in each case working closely with decision-makers such as architects and designers. In the infrastructure segment, LafargeHolcim will seek early involvement to participate in the initial design phase of these complex projects, while providing materials that meet specific infrastructure challenges relating to technology, acceptability and longevity, together with project delivery, from bidding to delivery and after sales.

- **Achieve operational excellence through continuous improvement to create value.** LafargeHolcim will seek to deliver cost leadership and to implement the most advanced models at scale to create value. It will capitalize on its professional teams, assets and technologies, and innovation in industrial operations and business management. It plans to take advantage of the strong operating models of the two predecessor groups to continue to identify and replicate best practices across its business in all its geographic markets:
  - In manufacturing, LafargeHolcim will focus on improved productivity, maintenance efficiency, process uniformity, cost-effective product mix, design optimization and equipment reliability;
  - LafargeHolcim will seek to reduce energy costs through improved efficiency, an emphasis on forecasting energy requirements, focusing on the fuel mix including the use of alternative energy sources, hedging where appropriate and selecting cost-effective energy sources; and
  - Supply chain management, procurement and central functions will also be optimized to achieve the benefits of LafargeHolcim's scale.
- **Commitment to create economically and environmentally sustainable solutions.** LafargeHolcim will be a leader in sustainable solutions and will seek to develop the best possible sustainability footprint. Examples of these objectives include:
  - Innovative solutions such as low CO2 cement and recyclable aggregates;
  - Products optimizing energy consumption of buildings throughout their lifecycle;
  - Demonstrated leadership in environmentally-sustainable and socially-responsible solutions;
  - Pro-active engagement with regulatory agencies and stakeholders at all levels, applying and promoting strict environmental and social standards for the industry;
  - Waste management solutions, use of biomass, water management, robust rehabilitation and biodiversity management at extraction sites; and
  - Acting with integrity in all dealings, promoting a culture of inclusiveness in the workplace.

These initiatives seek to create shared value with society benefitting all stakeholders, from communities to employees and to shareholders, as operating performance and competitiveness are linked to social and economic development and living conditions. This focus will also differentiate LafargeHolcim from many competitors, particularly in emerging markets, where its reputation for products and solutions that are both ecologically responsible and economical will enhance its attractiveness for a wide range of customer groups.

1.3.2 Intentions Regarding Employment

Following the divestments to the CRH International plc Group further described in article 2.6 of Part I (*Activities to Be Divested by Holcim and Lafarge*) of the

Registration Document, there will be limited overlaps between the industrial activities of Holcim and Lafarge. As part of the industrial project described in article 2.1 of Part I (*Building the Most Advanced Group in the Building Materials Industry*) of the Registration Document, Holcim believes that, subject to certain measures which may be necessary due to circumstances independent from the Offer, the combination of the two companies should have a limited impact on the production sites in general or research centers in France, on which LafargeHolcim will continue to rely to pursue its development strategy. There is currently no plan to reduce headcount in industrial sites within the next twelve months.

Out of an aggregate number of 130,000 persons currently employed at Holcim and Lafarge, around 15,000 are intended to be transferred to the CRH International plc Group in the context of the transaction announced on 31 January 2015.

With exceptions to the divestments to the CRH International plc Group referred to above, there will be limited consequences in terms of employment other than in the central corporate functions:

- In April 2014, it has been announced that CHF300 million (EUR250 million) of selling, general & administrative synergies would be achieved over a three year time period.
- As initially announced, a balanced allocation of corporate center functions will be implemented between France and Switzerland. These functions will be staffed following a principle of diversity and balance between Holcim and Lafarge while respecting the respective legislation on labor matters.

1.3.3 Intentions Regarding Management and Management Bodies

(i) Boards of Directors

(a) LafargeHolcim Board of Directors

As from the closing of the Offer and in accordance with the Combination Agreement, the LafargeHolcim board of directors (the "**LafargeHolcim Board of Directors**") and its committees will be modified.

The LafargeHolcim Board of Directors shall be comprised of the directors who have been appointed as such at the shareholders meeting of Holcim on 8 May 2015 (subject to the settlement of the Offer): Mr. Wolfgang Reitzle and Mr. Bruno Lafont shall be co-chairmen of the LafargeHolcim Board of Directors, whereby Mr. Reitzle will be recorded as chairman in the commercial register and have as such all powers and rights of a chairman according to Swiss law, the Articles of Association and the Organizational Regulations, and Mr. Lafont shall be the non-executive co-chairman for Government and International Affairs. Mr. Beat Hess shall be vice-chairman of the LafargeHolcim Board of Directors and will be recorded as vice-chairman in the commercial register (assuming all statutory and special powers in case of the absence of the chairman, Mr. Reitzle). The other members of the LafargeHolcim Board of Directors shall be the following:

- Mr. Bertrand Collomb;
- Mr. Philippe Dauman;

– Mr. Paul Desmarais Jr.;

– Mr. Oscar Fanjul;

– Mr. Alexander Gut;

– Mr. Gérard Lamarche;

– Mr. Adrian Loader;

– Mr. Nassef Sawiris;

– Mr. Thomas Schmidheiny;

– Mrs. Hanne Birgitte Breinbjerg Sørensen; and

– Mr. Dieter Spälti.

Holcim and Lafarge shall also establish various committees of the LafargeHolcim Board of Directors from the closing of the Offer:

– a nomination, compensation and governance committee expected to comprise Mr. Paul Desmarais Jr., Mr. Oscar Fanjul, Mr. Adrian Loader and Mr. Wolfgang Reitzle and chaired by Mr. Paul Desmarais Jr.;

– a finance and audit committee expected to comprise four members (two members appointed by Holcim and two members appointed by Lafarge); and

– a strategy and sustainable development committee expected to comprise four members (two members appointed by Holcim and two members appointed by Lafarge).

(b) Lafarge Board of Directors

Mr. Bruno Lafont shall remain as chairman of the Board of Directors of Lafarge.

As from the closing of the Offer and for so long as Lafarge remains listed on Euronext Paris, in accordance with the provisions of the Combination Agreement, Lafarge shall have a board of directors and committees, the composition of which shall comply with the AFEP-MEDEF Code of corporate governance.

(ii) Management Bodies

(a) Management Body of LafargeHolcim

Mr. Eric Olsen has been appointed by the Holcim Board of Directors on 8 April 2015 as chief executive officer of LafargeHolcim as from the settlement of the Offer.

Following the announcement of the appointment of Mr. Eric Olsen on 8 April 2015 as chief executive officer, and of the finalization of the composition of the expected executive committee of LafargeHolcim (the "**Executive Committee**") on 27 May 2015, the composition of the expected Executive Committee after closing of the Offer is as follows:

– Mr. Eric Olsen as chief executive officer;

– Mr. Thomas Aebischer, as chief financial officer;

- Mr. Jean-Jacques Gauthier, as chief integration officer – Organization & Human Resources;
- Mr. Urs Bleisch, in charge of Performance and Cost;
- Mr. Gérard Kuperfarb, in charge of Growth and Innovation;
- Mr. Alain Bourguignon, in charge of North America;
- Mr. Roland Köhler, in charge of Europe;
- Mr. Saâd Sebbar, in charge of Africa and the Middle East;
- Mr. Ian Thackwray, in charge of Asia Pacific; and
- Mr. Pascal Casanova, in charge of Latin America.

(b) Management Body of Lafarge

In accordance with the provisions of the Combination Agreement, the executive mandates and functions of Mr. Bruno Lafont within the Lafarge group shall terminate as from the settlement of the Offer. However, Mr. Bruno Lafont shall remain chairman of the Board of Directors of Lafarge.

In addition, Mr. Eric Olsen shall be appointed as chief executive officer of Lafarge as from the settlement of the Offer.

1.3.4 Benefits for Holcim, Lafarge and their Shareholders

(i) Benefits for Holcim and Lafarge

As highlighted in article 1.2.1 of this offer document, the objective of Holcim and Lafarge is to create the most advanced group in the building materials industry. This combination will enhance sustainable and profitable growth through operational, financial and cash flow synergies.

(ii) Benefits for Shareholders of Holcim and Lafarge

For shareholders of Holcim and Lafarge, LafargeHolcim will seek to generate value and an attractive dividend policy, while applying a disciplined approach to capital allocation to improve returns on capital employed, and generate strong cash flows.

This merger between equals intends to create shared value with society benefiting all stakeholders, from communities to employees to shareholders, as operating performance and competitiveness are linked to social and economic development and living conditions. This focus will also differentiate the new group from many competitors, particularly in emerging markets, where its reputation for products and solutions that are both ecologically responsible and economical will enhance its attractiveness for a wide range of customer groups.

1.3.5 Dividend Distribution Policy

In 2003, the Holcim Board of Directors determined that one-third of the net income attributable to shareholders of Holcim should be distributed. However, LafargeHolcim will examine the policy for distributing dividends of LafargeHolcim and Lafarge following the closing of the Offer, depending on the ability of LafargeHolcim and Lafarge to distribute any dividend, the market conditions, and their respective financial situations and financial needs.

Holcim and Lafarge agreed that a post-closing exceptional scrip dividend shall be paid after the closing of the Re-opened Offer in respect of all LafargeHolcim shares, including newly issued Holcim shares exchanged for Lafarge Shares tendered to the Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim share for twenty existing LafargeHolcim shares, subject to the successful closing of the Offer. The authorized share capital based on which the LafargeHolcim Board of Directors is authorized to distribute the scrip dividend was approved at the Holcim shareholders' meeting of 8 May 2015.

1.3.6 Prospects for Merger, Restructuring and Reorganization

Whether more or less than 95% of the share capital or voting rights of Lafarge shall have been acquired by Holcim in the context of the Offer, Holcim reserves the right to contribute assets to, merge certain of its subsidiaries with, or undertake other reorganizations of, Lafarge.

There is no intention to effect a statutory merger of Holcim and Lafarge after the closing of the Offer.

1.3.7 Squeeze-Out (*Retrait obligatoire*) and De-Listing

In accordance with articles 237-14 *et seq.* of the AMF General Regulations, Holcim reserves its right to request the AMF that a squeeze-out be implemented within three (3) months from the end of the Offer acceptance period for the Lafarge Shares not tendered to the Offer or the Re-opened Offer, if such Lafarge Shares do not represent more than 5% of the share capital or the voting rights of the Company. In such case, the squeeze-out would be subject to the control of the AMF which would assess its conformity, in particular with respect to the valuation of the Lafarge Shares provided by Holcim and to the report by the independent expert appointed pursuant to the provisions of article 261-1 II of the AMF General Regulations. In such a case, Holcim intends to offer to the shareholders of Lafarge, as consideration under the squeeze-out, an alternative in cash or in shares, the consideration in shares being equal to the terms and conditions of the Offer. The shareholders of Lafarge who would not have expressed themselves or would not have expressly indicated their choice in a time period which would be further determined under the control of the AMF would be considered as having chosen the cash consideration.

Holcim reserves its right, in the event it would hold, directly or indirectly, at least 95% of the voting rights of Lafarge and if a squeeze-out is not implemented under the conditions described above, to file with the AMF a draft buyout offer, followed by a squeeze-out transaction (pursuant to article 236-3 of the AMF General Regulations) targeting the Lafarge Shares which would not be directly or indirectly held by Holcim (except the treasury shares). In such case, the buyout would be subject to the control of the AMF which would assess its conformity, in particular with respect to the valuation of the Lafarge Shares provided by Holcim and to the report by the independent expert appointed pursuant to the provisions of article 261-1 II of the AMF General Regulations.

In addition, Holcim reserves its right, in the event it could not implement a squeeze-out at the time of the closing of the Offer, to request that Euronext Paris delist the Lafarge Shares from the Euronext Paris market, pursuant to Euronext Paris market rules.

1.3.8 Listing of LafargeHolcim

The Registration Document for the listing of the Holcim shares was registered with the AMF on 11 May 2015 under number I.15-034. The listing prospectus (comprising the Registration Document and the securities note) has been approved by the AMF on 28 May 2015 under number 15-233.

Holcim, whose shares are already listed on the SIX Swiss Exchange, has filed a request for admission of its shares to trading on Euronext Paris on 22 April 2015. Such request has been approved by Euronext Paris on 27 May 2015.

All Holcim shares, including those issued as Offer consideration, will be listed on both SIX and Euronext Paris at the end of the settlement of the Offer at the latest.

1.3.9 Legal Structure

(i) Registered Name

After closing of the Offer, the registered name of Holcim will be modified to reflect the transaction, in accordance with the approval of such resolution by the general meeting of shareholders of Holcim on 8 May 2015. The new name will combine the names of Holcim and Lafarge as follows: "LafargeHolcim".

(ii) Legal Form

Holcim shall remain, after the closing of the Offer, a corporation limited by shares (*Aktiengesellschaft*) under Swiss law.

(iii) Registered Office

The registered office of Holcim shall remain in Jona, Switzerland, after the closing of the Offer.

1.4 Agreements which may have an Influence on the Consideration of the Offer or on its Results

With the exception of the agreements mentioned below, Holcim is not aware of any other agreements that could have a significant impact on the consideration of the Offer or on its results.

1.4.1 Combination Agreement

Holcim and Lafarge have entered into a Combination Agreement on 7 July 2014 (as further described in article 1.2.2 of this offer document), as amended on 20 March 2015.

1.4.2 Undertakings to Tender to the Offer

Pursuant to an undertaking agreement dated 6 April 2014 and reiterated on 19 March 2015, Groupe Bruxelles Lambert (a company incorporated under the laws of Belgium jointly controlled by the Frère and Power Corporation of Canada[1] groups, "**GBL**") has undertaken to tender to the Offer, to Lafarge's knowledge as of 30 April, 2015, 60,568,754 Lafarge Shares, representing 21.04% of the share capital and 29.29% of the voting rights[2] of Lafarge including, if applicable, any additional Lafarge Shares acquired by any means since the date of the undertaking agreement.

[1] A company indirectly controlled by the Family Trust Desmarais.

[2] Including GBL's double voting rights which will be lost upon the transfer of the Lafarge Shares to Holcim in the context of the Offer.

Pursuant to a similar undertaking agreement dated 6 April 2014 and reiterated on 19 March 2015, NNS Holding Sàrl (a company incorporated under the laws of Luxembourg controlled by trusts created by Mr. Nassef Sawiris and members of his family) and Mr. Nassef Sawiris (NNS Holding Sàrl and Mr. Nasser Sawiris, together "**NNS**") have undertaken to tender to the Offer , to Lafarge's knowledge as of 30 April 2015, 40,064,682 Lafarge Shares[3], representing 13.91% of the share capital and 19.42% of the voting rights[4] of Lafarge including, if applicable, any additional Lafarge Shares acquired by any means since the date of the undertaking agreement.

The main provisions of those undertaking agreements and of the reiteration of such undertakings have been disclosed in notices from the AMF dated respectively 14 April 2014 (number 214C0562) and 27 March 2015 (number 215C0361).

Pursuant to these undertaking agreements, the undertakings of each of GBL and NNS shall be void in the event a third party (i) files a public tender offer on Lafarge before the filing date of the Offer or (ii) files a public competing offer (*offre concurrente*) following the filing of the Offer, and such offers described in (i) and (ii) are declared compliant (*conformes*) by the AMF. However, following such filing of an offer by a third party, in the event that Holcim files a competing offer or an improved offer (*surenchère*), as the case may be, that is declared compliant by the AMF, and that all other terms and conditions of the Offer remain unchanged in such Holcim's competing offer or higher bid (in particular with respect to the governance principles of the new combined group), all of the undertakings of GBL and NNS will immediately apply with full force, *mutatis mutandis*, to the competing offer or higher bid, as the case may be, as if such undertakings had never been void.

Each of GBL and NNS has represented and warranted that it is not acting in concert with any third party in respect of Holcim or Lafarge and has undertaken not to act in concert with any third party in respect of Holcim or Lafarge until 31 December 2015 (the "**Restricted Period**").

In addition, during the Restricted Period, each of GBL and NNS has undertaken, on its own behalf and on behalf of its subsidiaries, (i) to hold and not to sell or otherwise transfer, including through the use of derivative instruments, any Lafarge Share (subject to certain exceptions[5]), (ii) not to take any measure resulting in encouraging, facilitating or leading to an alternative transaction[6] and to provide Lafarge and Holcim with oral and written notice of the terms and conditions of such alternative transaction, (iii) not to have any discussion with any person relating to an alternative transaction or engage in any negotiations concerning an alternative transaction, and (iv) not to support, or propose publicly to support, any alternative transaction.

Both undertaking agreements shall be automatically terminated on 31 December 2015, subject to early termination, it being specified that in the event that the Offer

[3] In addition, NNS Holding (Cayman), an indirect shareholder of NNS Holding Sarl, is party to a cash settled share forward agreement giving it only an economic exposure over 6,000,000 reference Lafarge Shares.

[4] Including NNS's double voting rights which will be lost upon the transfer of the Lafarge Shares to Holcim in the context of the Offer.

[5] Such exceptions referring to (i) the granting of any pledges or any other securities or the transfer of Lafarge Shares to their subsidiaries, provided that these Lafarge Shares can still be tendered to the Offer, and (ii) change in the form of holding of the Lafarge Shares from registered (*nominatif*) to bearer (*porteur*), to the extent strictly necessary in order to avoid any mandatory tender offer.

[6] An alternative transaction encompasses, for Holcim and Lafarge, any offer or proposal, or any solicitation, which could reasonably lead, directly or indirectly to (i) the obligation to file a tender offer for all shares of Holcim or Lafarge pursuant to applicable laws or (ii) the acquisition of a significant part of the assets of Holcim or Lafarge.

is filed by Holcim before 31 December 2015, the term of the agreements shall be automatically extended until the closing of the Offer.

1.4.3 Undertaking to Vote in Favor of all Shareholders' Resolutions to Complete the Offer

Pursuant to an undertaking agreement dated 6 April 2014 and reiterated on 19 March 2015, Schweizerische Cement-Industrie-Aktiengesellschaft[7] ("**SCIA**"), which holds 20.11% of the share capital and voting rights of Holcim as of 31 December 2014, has undertaken to vote in favor of all shareholders' resolutions at the relevant Holcim general meetings required to complete the Offer and to reiterate such undertaking as may be required for the purpose of the Offer.

Pursuant to this agreement, the undertakings of SCIA shall be void in the event a third party (i) files a public tender offer on Lafarge before the filing date of the Offer or (ii) files a public competing offer (*offre concurrente*) following the filing of the Offer, and such offers described in (i) and (ii) are declared compliant (*conformes*) by the AMF. However, following such filing of an offer by a third party, in the event that Holcim files a competing offer or an improved offer (*surenchère*), as the case may be, that is declared compliant by the AMF, and that all other terms and conditions of the Offer remain unchanged in such Holcim's competing offer or higher bid (in particular with respect to the governance principles of the new combined group), all of the undertakings of SCIA will immediately apply with full force, *mutatis mutandis*, to the competing offer or higher bid, as the case may be, as if such undertakings had never been void.

SCIA has represented and warranted that it is not acting in concert with any third party in respect of Holcim or Lafarge and has undertaken not to act in concert with any third party in respect of Holcim or Lafarge during the Restricted Period.

In addition, during the Restricted Period, SCIA undertakes, on its own behalf and on behalf of its subsidiaries, (i) to hold and not to sell or otherwise transfer, including through the use of derivative instruments, the Holcim shares (subject to certain exceptions[8]), (ii) not to take any measure resulting in encouraging, facilitating or leading to an alternative transaction and to provide Lafarge and Holcim with oral and written notice of the terms and conditions of such alternative transaction, (iii) not to have any discussion with any person relating to an alternative transaction or engage in any negotiations concerning an alternative transaction, and (iv) not to support, or propose publicly to support, any alternative transaction.

This undertaking agreement shall be automatically terminated on 31 December 2015, subject to early termination, it being specified that in the event that the Offer is filed by Holcim before 31 December 2015, the term of the agreement shall be automatically extended until the closing of the Offer.

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7 This entity is indirectly controlled by Mr. Thomas Schmidheiny.

8 Such exceptions referring to (i) the granting of any pledges or any other securities or the transfer of Holcim shares to its subsidiaries and (ii) the transfer of Holcim shares to the extent strictly necessary in order to avoid any mandatory tender offer.

2 Terms and Conditions of the Offer

Pursuant to the terms of article 231-13 of the AMF General Regulations, Société Générale and UBS Securities, acting on behalf of the Offeror, filed a draft offer document with the AMF on 11 May 2015. Société Générale and UBS Securities, acting as presenting banks, guarantee the terms and the irrevocable character of the undertakings taken by the Offeror.

A notice of filing was published by the AMF on its website on 11 May 2015 (n°215C0608). In accordance with the terms of article 231-16 of the AMF General Regulations, a press release including the main elements of the draft offer document and setting forth the means by which the draft offer document is made available by the Offeror was published by the Offeror on 11 May 2015. The draft offer document was also published on the website of the AMF and of the Offeror.

A draft response document (*projet de note en réponse*) was also filed on 11 May 2015 by Lafarge with the AMF. Such draft response document contains in particular the report of the independent expert appointed by Lafarge in the context of the Offer, the reasoned opinion of the Lafarge Board of Directors on the Offer and the opinion of Lafarge's works council on the Offer.

The AMF published on its website a formal statement of compliance regarding the Offer, after having assured itself of the compliance of the Offer with applicable legal and regulatory provisions. This declaration of conformity includes the visa for the offer document.

The offer document having received the visa of the AMF and the information regarding the legal, financial and accounting characteristics of the Offeror will be, in compliance with article 231-28 of the AMF General Regulations, made available at no cost to the public at either Société Générale, UBS Securities and the Offeror, no later than the day before the opening of the Offer. These documents will also be available on the website of the Offeror and the AMF.

A press release setting forth the means by which these documents will be published and made available by the Offeror no later than the day before the opening of the Offer.

The Offer will be made pursuant to the standard procedure in accordance with the provisions of articles 232-1 *et seq*. of the AMF General Regulations.

Prior to the opening of the Offer, the AMF and Euronext Paris will publish, respectively, a notice of the opening and of the calendar of the Offer, and a notice announcing the terms and specifying the timetable and conditions for the realization of the Offer.

2.1 Number and Type of Shares Targeted by the Offer

At the date of this offer document, Holcim does not hold directly or indirectly, alone or in concert with any other party, any shares of Lafarge. In addition, Holcim has not entered into any agreement, at the date hereof, which would enable it, on its own initiative, to acquire any shares of Lafarge.

In accordance with article 231-6 of the AMF General Regulations, and subject to the terms and conditions of the Offer, Holcim irrevocably offers to holders of the Lafarge Shares to exchange, according to the exchange ratio specified in article 2.2, all Lafarge Shares (as defined in article 1.1) they hold, i.e. a maximum number of 293,340,014 shares of Lafarge.

Except for cases where there is an applicable exception to the vesting period established under legal or regulatory provisions (such as the death or disability of the beneficiary), certain Lafarge Shares which may be issued upon the exercise of Lafarge stock options prior to the end of the Offer acceptance period (or, as applicable, prior to the end of the re-opening of the Offer acceptance period) may not be tendered to the Offer because of legal, regulatory or governance constraints. In addition, certain Lafarge Shares issued pursuant to performance share plans may not be tendered to the Offer for the same reasons. To the extent permitted under applicable regulations, such Lafarge Shares will be the subject of liquidity mechanisms as described in article 2.8 of this offer document.

The shares of Lafarge issued pursuant to performance share plans still in the vesting period at the end of the Offer acceptance period (or at the end of the Re-opened Offer acceptance period) are not targeted by the Offer, except when non-transferability is waived as provided by legal or regulatory provisions (such as the death or disability of the beneficiary).

The main characteristics of the Lafarge stock options, the Lafarge performance share plans and the Lafarge Shares held by employee funds are described in article 2.7 of this offer document.

To Holcim's knowledge, there exists no equity security or any other financial instrument providing a right, either immediately or in the future, to the share capital or voting rights of Lafarge, other than the Lafarge Shares.

2.2 Terms of the Offer

Pursuant to the article 232-1 of the AMF General Regulations and under the terms and conditions described in this offer document (and in particular, under the terms and conditions of article 2.9 of this offer document), the Offeror irrevocably proposes to the shareholders of Lafarge, within an Offer acceptance period whose closing date shall be determined by the AMF, to exchange their Lafarge Shares according to an exchange ratio of nine registered shares of Holcim, bearing current dividend rights (*portant jouissance courante*), for every ten Lafarge Shares, bearing current dividend rights (*portant jouissance courante*) (the "**Exchange Ratio**" or "**ER**").

The Lafarge shareholders tendering their Lafarge Shares to the Offer will not be entitled to receive the annual dividend of CHF1.30 per Holcim share for the financial year 2014 as approved by the annual shareholders' meeting of Holcim on 13 April 2015, and Holcim will not be entitled to receive the annual dividend of EUR1.27 per Lafarge Share for the financial year 2014 as approved by the annual shareholders' meeting of Lafarge on 7 May 2015. Such annual dividends for the financial year 2014 have been paid by Holcim and Lafarge respectively on 17 April 2015 and on 12 May 2015.

2.3 Adjustment of the Terms of the Offer

On 20 February 2015, the Holcim Board of Directors proposed an annual dividend for the financial year 2014 of CHF1.30 per Holcim share. On 23 February 2015, the Board of Directors of Lafarge proposed an annual dividend for the financial year 2014 of EUR1.27 per Lafarge share. Such dividends were approved by the annual shareholders' meetings of Holcim and Lafarge respectively on 13 April 2015 and 7 May 2015.

Holcim and Lafarge agreed that a post-closing exceptional scrip dividend shall be paid after the closing of the Re-opened Offer in respect of all LafargeHolcim shares, including newly issued Holcim shares exchanged for Lafarge Shares in the context of the Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim share for twenty existing LafargeHolcim shares, subject to the successful closing of the Offer. The authorized share capital based on which the LafargeHolcim Board of Directors is authorized to distribute the scrip dividend was approved at the Holcim shareholders' meeting of 8 May 2015.

Nevertheless, if, before the end of the Offer acceptance period, either Holcim or Lafarge decides to pay any dividend (except the scrip dividend mentioned above), interim dividend or other kind of distribution (other than the dividends abovementioned), in any form, including through any capital reduction or amortization, the Offer consideration shall be adjusted to provide to the holders of Lafarge Shares or Holcim Shares, as the case may be, with the same economic effect as contemplated by this agreement prior to such event, by calculating the Exchange Ratio as follows:

ERn = [(ERn-1 x SPHolcim) - DivLafarge] / (SPHolcim - DivHolcim)

Where;

i. "ERn-1" shall be the Exchange Ratio applicable immediately prior to the calculation is made;

ii. "SPHolcim" shall be the market price of a Holcim Share (as such term is defined in article 2.5.1 below) (in EUR) equal to the volume weighted average share price over the three (3) trading day period before the day immediately preceding the day on which the first of Lafarge or Holcim's dividend is announced (the "**Reference Date**") and the foreign exchange rate applied shall be the foreign exchange rate as published by the Banque de France on the day immediately preceding the Reference Date;

iii. "DivLafarge" shall mean the average per share amount (in EUR) of the distribution announced by Lafarge, whereby such average shall be calculated by taking into account that any holder of a Lafarge Share holding such share in registered form for at least two (2) years, including at the dividend payment date, is entitled to an increased dividend as per the provisions of the articles of association of Lafarge; and

iv. "DivHolcim" shall mean the actual per share amount (in EUR) of the distribution announced by Holcim and the foreign exchange rate applied shall be the foreign exchange rate as published by the Banque de France on the day immediately preceding the Reference Date.

The Exchange Ratio shall also be adjusted in the event that the Lafarge Shares or the Holcim Shares have been changed into a different number of shares or a different class by reason of any stock dividend, subdivision, reclassification, split, reverse split, combination or exchange of shares.

Any adjustment of the Exchange Ratio shall be subject to prior agreement of the AMF and announced in a press release by Holcim.

Nevertheless, it is specified that each of Holcim and Lafarge may continue to declare, set aside and pay regular annual dividends (or pay-outs) which are consistent with past practices of both companies, provided that such regular annual dividends (or pay-outs) may only be paid in cash.

2.4 Treatment of Fractional Shares

No fractional Holcim Shares may be issued in connection with the Offer. As a consequence, Holcim will not deliver fractional shares to the Lafarge shareholders. The Lafarge shareholders who tendered to the Offer (or the Re-opened Offer as the case may be) a number of Lafarge Shares which does not entitle them to a whole number of Holcim Shares will be considered as having expressly agreed to participate in the mechanism to resell fractional Holcim Shares described below for the fractional Holcim Shares to which they are entitled. Holders of Lafarge performance shares still subject to a holding period should refer to article 2.7.2 of this offer document.

Following the end of the Offer acceptance period (or the end of Re-opened Offer acceptance period as the case may be), an authorized intermediary designated by Holcim will put in place a mechanism to resell fractional Holcim Shares for the account of Lafarge shareholders who tendered to the Offer a number of Lafarge Shares which does not allow them to receive a whole number of Holcim Shares.

Euronext Paris will aggregate the fractional Holcim Shares in order to obtain a whole number of Holcim Shares (with their number being rounded up to the next unit) and will deliver those to the authorized intermediary thus designated which will sell them on the market on the account of the Lafarge shareholders participating in this resale mechanism no later than ten (10) trading days following the closing of the Offer (or the closing of the Re-opened Offer as the case may be). The cash amount (in EUR rounded to the next EUR, it being noted that EUR0.5 will be rounded to EUR1) will be paid to the Lafarge shareholders as soon as possible following this date. The Lafarge shareholders who participate in this resale mechanism will receive the net proceeds of sales *pro rata* to their participation in this mechanism, it being noted that Holcim will bear the brokerage fees payable to the authorized intermediary designated by Holcim linked to the establishment of this resale mechanism.

In addition, under no circumstances will any interest be paid on the cash amount to be received by the Lafarge shareholders in return for fractional Holcim Shares, even in the event of late payment of this amount.

As an example, and only for illustration purposes:

- in the event that a Lafarge shareholder tenders 15 Lafarge Shares to the Offer, the Lafarge shareholder will receive 13 Holcim Shares (15x0.9 = 13.5) and the proceeds of the sale in cash of the 0.5 fractional Holcim Share;
- in the event that a Lafarge shareholder tenders 5 Lafarge Shares to the Offer, the Lafarge shareholder will receive 4 Holcim Shares (5x0.9 = 4.5) and the proceeds of the sale in cash of the 0.5 fractional Holcim Share.

2.5 Number, Origin, Characteristics of the Holcim Shares to be Issued in the Offer

2.5.1 Maximum Number of Holcim Shares to be Issued in the Offer

Subject to any adjustment pursuant to article 2.3 above and based on the tender of all 293,340,014 Lafarge Shares, the Offer consideration shall consist in up to 264,006,013 new Holcim shares, each with a par value of CHF2.00 bearing current dividend rights (*portant jouissance courante*) (the "**Holcim Shares**").

The table below provides for the impact of the Offer on the share capital of Holcim if 100% of the Lafarge Shares are tendered to the Offer and as a result if 264,006,013 of Holcim Shares were issued for the Offer:

Maximum number of Holcim Shares to be issued for the Offer	Maximum total number of Holcim Shares after closing of the Offer	Maximum percentage of Holcim share capital acquired by the former Lafarge shareholders in the Offer
264,006,013	591,092,389	44.66%

2.5.2 Origin of the Holcim Shares Issued in the Offer

(i) General

Holcim shareholders have approved on 8 May 2015 (a) the issue of up to 264,237,400 Holcim Shares in an ordinary share capital increase, (b) an authorized share capital of up to 132,118,700 Holcim Shares for the needs, as the case may be, of the Re-opened offer and, as the case may be, the squeeze-out (whereby in each of (a) and (b) existing shareholders' preferential subscription rights for the newly issued Holcim Shares have been withdrawn) and (c) an authorized share capital of up to 29,566,188 LafargeHolcim shares for the scrip dividend.

The resolution of the extraordinary general meeting referred to under (a) above is valid until 8 August 2015. After that date, it will automatically lapse, in which case Holcim will convene another shareholders meeting in accordance with the conditions provided in article 2.9.2 of this offer document.

(ii) Creation of the Holcim Shares in an Ordinary Capital Increase

Up to 264,237,400 shares are expected to be issued by Holcim in an ordinary share capital increase consisting of two tranches respectively for the Offer and for the re-opening of the Offer, as the case may be. The Holcim Shares are expected to be subscribed by UBS AG, Bahnhofstrasse 45, CH-8098 Zurich ("**UBS AG**") for the account of the Lafarge shareholders who tendered their Lafarge Shares to the Offer. The Holcim Board of Directors expects that the first tranche of the share capital increase will occur on or around 10 July 2015, along with the relevant amendments to the articles of association. The Holcim Board of Directors expects that the second tranche of the capital increase will occur on or around 4 August 2015 after the end of the Re-opened Offer acceptance period, along with the relevant amendments to the articles of association.

The exact amount of the capital increase will be determined by the Holcim Board of Directors, after publication of the results of the Offer (and of the Re-opened Offer) by the AMF, based on the number of Lafarge Shares tendered to the Offer (and to the Re-opened Offer) and which will be contributed in consideration for such capital increase.

The issuance of the Holcim Shares issued in exchange for the Lafarge Shares tendered to the Offer (and to the Re-opened Offer) is subject to and only becomes effective upon the registration of the amended articles of association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland (as further provided in article 2.9.2 of this offer document). As a consequence, the closing of the Offer shall occur subject to and once such registration has been completed.

(iii) Creation of an Authorized Share Capital

(a) Creation of an Authorized Share Capital for the Re-opened Offer and the Squeeze-out

As provided in article 1.3.7, Holcim reserves its right to request the AMF that a squeeze-out be implemented for the Lafarge Shares not tendered to the Offer or to the Re-opened Offer, if such remaining Lafarge Shares do not represent more than 5% of the share capital or the voting rights of Lafarge.

Such squeeze-out would be carried out in exchange for compensation in cash or in exchange for LafargeHolcim shares. In connection therewith, the shareholders' meeting of 8 May 2015 has created an authorized share capital allowing the Holcim Board of Directors to issue Holcim Shares in exchange of Lafarge Shares.

In addition, the authorized share capital resolved by Holcim at the shareholders' meeting of 8 May 2015 was also created to allow for the issuance of new Holcim Shares to be exchanged as consideration for the Lafarge shares tendered during the Re-opened Offer in the event that the Re-opened Offer would not occur before 8 August 2015, as Swiss law only allows the shareholders' meeting to delegate to the Holcim Board of Directors the authority to carry out the ordinary share capital increase resolved by shareholders at the shareholders' meeting of 8 May 2015 within three months from the date of the respective shareholders' meeting at the latest.

The issuance of the Holcim Shares issued in exchange for the Lafarge Shares tendered to the Re-opened Offer or the squeeze-out procedure only becomes effective upon and subject to the registration of the amended articles of association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland (as further provided in article 2.9.2 of this offer document). As a consequence, the closing of the Re-opened Offer or the squeeze-out procedure shall occur once such registration has been completed.

(b) Creation of an Authorized Share Capital for the Scrip Dividend

As set forth in article 1.3.5 above, a post-closing exceptional scrip dividend shall be paid to all LafargeHolcim shares, including newly issued Holcim shares exchanged for Lafarge Shares in the context of the Offer.

In connection therewith, the shareholders' meeting of 8 May 2015 has created an authorized share capital allowing the Holcim Board of Directors to distribute a scrip dividend.

The issuance of the LafargeHolcim Shares issued for the purpose of the distribution of the scrip dividend only becomes effective upon and subject to the registration of the amended articles of association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland (as further provided in article 2.9.2 of this offer document). As a consequence, the distribution of the scrip dividend shall occur once such registration has been completed.

Twenty subscription rights will allow its holder to receive one LafargeHolcim share for free.

2.5.3 Characteristics of the Holcim Shares Issued in the Offer

The Holcim Shares issued as Offer consideration are ordinary registered shares. They will rank *pari passu* with the existing Holcim shares and will carry the right to payment of any dividend or other distribution and to liquidation proceeds in proportion to the fraction of the share capital that they represent. They will carry dividend rights in respect of the current financial year.

The Holcim Shares will be issued as uncertificated securities (*Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations and constitute intermediated securities within the meaning of the Federal Intermediated Securities Act. The Holcim Shares will be registered in the main register (*Hauptregister*) maintained by SIX SIS Ltd and credited to the securities account of each purchaser, and thus will become book entry securities (*Bucheffekten* in the meaning of the Federal Intermediated Securities Act).

According to the articles of association of Holcim, the Offeror may issue its registered shares in the form of single certificates, global certificates or uncertificated securities. Subject to the conditions set forth by statutory Swiss law, the Offeror may convert its registered shares from registered shares into bearer shares at any time and without the approval of its shareholders. No shareholder has the right to demand a conversion of the form of registered shares. Each shareholder may at any time request a written confirmation from Holcim of the registered shares held by such shareholder, as reflected in Holcim's share register. Any such confirmation is not a negotiable instrument.

Each Holcim Share shall entitle its holder to one voting right at any shareholders meetings of Holcim, subject to compliance with the formalities described in article 2.5.4 of this offer document.

The shareholders of Lafarge who tender their Lafarge Shares to the Offer will become shareholders of Holcim (and LafargeHolcim respectively), and as a consequence will hold different rights than those they enjoyed as Lafarge shareholders. Shareholders of Lafarge should refer to articles 3.1.8 (*Loss of Double Voting Rights and of Loyalty Dividend*), 3.1.9 (*Differences Between French Corporate Law and Swiss Corporate Law*) and 5.3 (*Comparison of Shareholders' Rights Under French Law and Swiss Law*) of Part I of the Registration Document for a comparison of the rights attached to Lafarge and Holcim shares and a description of the rights attached to Holcim shares.

2.5.4 Transferability and Tradability of the Holcim Shares Issued in the Context of the Offer – Listing

No provision of the articles of association of Holcim, nor any provision of Swiss law or SIX or other regulations, limit the tradability of Holcim Shares. The Holcim Shares issued as consideration for the Lafarge Shares tendered to the Offer shall therefore be transferrable by any shareholder of Holcim as soon as they have been registered with the commercial register of St. Gallen.

Holcim, whose shares are already listed on the SIX under ISIN Code CH0012214059, has filed a request for admission of its shares to trading on Euronext Paris on 22 April 2015, such request having been approved by Euronext Paris on 27 May 2015. The shareholders of Lafarge having tendered their Lafarge Shares to the Offer will have the possibility to trade their Holcim Shares on either markets as from the settlement date of the Offer.

Holcim, with respect to the registered shares, maintains a share register in which the shareholders are registered with regard to their names and addresses. Acquirers of registered shares are registered upon request in the share register as shareholders with voting rights, provided they expressly declare to have acquired the registered shares in their own name and on behalf of their own account. If a person fails to expressly declare in its registration application that she/he holds the shares for her/his own account (a "**Nominee**"), the Holcim Board of Directors will only enter such person in the share register with voting rights, subject to the requirements that (i) such person has entered into an agreement with Holcim governing her/his status in its function as a Nominee and (ii) such person is subject to a recognized bank or financial market supervision. The Holcim Board of Directors may cancel with retroactive effect any registration in the share register, which was made based on incorrect information. The relevant shareholder or

Nominee must be immediately informed of the cancellation. The Holcim Board of Directors regulates the details and enacts the instructions necessary for compliance with the aforementioned regulations. In special cases, the Holcim Board of Directors may grant exemptions to the rule concerning Nominees. In accordance with the articles of association of Holcim, the Holcim Board of Directors may delegate its abovementioned duties. Until the acquirer has been notified to Holcim, any sold Holcim Share is held by SIX SIS Ltd and is recorded in the default Nominee account of SIX SIS Ltd. Such Holcim Shares do not carry any voting rights, and such acquirer may not request the Holcim Board of Directors to call a shareholders' meeting or propose to put a matter on the agenda and may neither participate nor be represented or speak at a shareholders' meeting. The Holcim shares recorded in the default Nominee account of SIX SIS Ltd are held for the benefit of the beneficial owners of the Holcim shares.

Holcim shareholders are entitled to attend and vote at shareholders' meetings only if they are registered in one of the Holcim share registers. As from the closing of the Offer, LafargeHolcim will maintain two share registers. One share register will be maintained in Switzerland by Nimbus AG, which currently maintains the Holcim share register (the "**Swiss Share Register**"). The second share register will be maintained by BNP Paribas Securities Services in France (the "**French Share Register**").

Registered Lafarge shareholders participating in the Offer will be able to receive upon closing of the Offer their Holcim Shares in the same form as they currently hold their Lafarge Shares (pure registered form, administered registered form or bearer form).

In addition, it is specified that:

- Lafarge shareholders initially holding their shares in pure registered form and/or in administered registered form will automatically receive Holcim Shares in the same form.
- Lafarge shareholders initially holding their shares in bearer form will automatically receive Holcim Shares in bearer form through Euroclear France.

Regarding shares which will be registered in the French Share Register maintained by BNP Paribas Securities Services (pure and administered registered form), their holders will then be entitled to attend and vote at Holcim shareholders' meetings.

Shareholders holding their shares in bearer form will have the possibility to exercise their voting rights via Euroclear Bank SA/NV, acting as a Nominee. They will need to submit to Euroclear Bank SA/NV, acting as a Nominee, through their financial intermediary, their voting instructions in order for Euroclear Bank SA/NV, acting as Nominee, to exercise voting rights accordingly on their behalf. If shareholders fail to complete these steps in time, their voting instructions will not be taken into account.

Shareholders holding their Holcim Shares in bearer form and who want to participate in the shareholders' meeting in person will need to ask their financial intermediaries to convert their shares from the bearer form into the pure or administered registered form. If shareholders fail to complete these steps in time, they will not be entitled to participate in the shareholders' meeting.

2.5.5 New Securities, Number, Type and Par Value of the Securities

Subject to the tendering of the Lafarge Shares by Lafarge shareholders, up to 264,006,013 Holcim Shares with a nominal value of CHF2.00 each will be allocated to the Lafarge shareholders at an exchange ratio of nine Holcim Shares for every ten tendered Lafarge Shares, pursuant to the provisions of the Combination Agreement (as amended).

Application has been made for up to 264,237,400 new registered shares out of the ordinary capital increase and up to 161,684,888 new registered shares out of the authorized share capital with a nominal value of CHF2.00 each to be admitted to listing and trading on the SIX and Euronext Paris at the end of the settlement of the Offer at the latest.

2.5.6 Paying Agent

The principal paying agent (*Hauptzahlstelle*) for the shares in Switzerland will be UBS AG. So long as the Holcim Shares are listed on the SIX, Holcim will maintain a principal paying agent (*Hauptzahlstelle*) in Switzerland.

2.5.7 Net Proceeds

The Holcim Shares will be exchanged for Lafarge Shares in connection with the Offer. The exchange ratio is nine Holcim Shares for every ten Lafarge Shares.

2.5.8 Public Purchase or Exchange Offers

In the prior and the current financial years, there has not been any (i) public tender offers or exchange offers made by third parties for Holcim's securities, or (ii) public exchange offers made by Holcim for securities of another company.

2.5.9 Publication

All notices to Holcim shareholders shall be validly given by publication in the Swiss Official Gazette of Commerce and disclosure in France through a press release made available on the Holcim's website and, if applicable, disseminated through a primary information provider ("*diffuseur professionnel*") in accordance with Article 221-4 of the AMF General Regulations. The Board of Directors may also notify Holcim shareholders by publication in any other newspaper.

2.5.10 Price Performance of the Securities

For the year ended 31 December 2014, the closing trading price on the SIX for Holcim shares was CHF71.35 and the highest and lowest trading prices during the year were CHF82.80 and CHF61.55 respectively.

For the year ended 31 December 2013 the closing trading price on the SIX for Holcim shares was CHF66.75 and the highest and lowest trading prices during the year were CHF78.40 and CHF63.15 respectively.

For the year ended 31 December 2012 the closing trading price on the SIX for Holcim shares was CHF66.90 and the highest and lowest trading prices during the year were CHF67.55 and CHF49.53 respectively.

2.5.11 Security Number and ISIN

The security number for Holcim shares is 1221405 and their ISIN is CH0012214059.

2.5.12 Representative

UBS AG is acting as recognized representative for Holcim in connection with the listing of the Holcim Shares on the SIX according to the Main Standard within the meaning of article 43 of the SIX Listing Rules.

2.5.13 Amendments and Changes

Any notices containing or announcing amendments or changes to the terms of the listing or to this offer document will be announced through the electronic media in Switzerland and, if required, published in electronic form on the website of the SIX in the form of an official notice. Such official notice will form part of this offer document.

2.6 Consequences of the Offer on the Breakdown of the Holcim Share Capital and Voting Rights

To the knowledge of Holcim, the share capital and voting rights of Holcim is allocated as follows:

Shareholders	Number of shares	% of share capital and voting rights
SCIA	65,777,912[9]	20.11%
Eurocement Holding AG[10]	35,402,772[9]	10.82%
Harris Associates L.P.[11]	16,163,815[12]	4.94%
Harbor International Fund	9,840,977[13]	3.01%
Free float	198,681,561	60.74%
Treasury shares	1,219,339	0.37%
Total	**327,086,376**	**100%**

To the knowledge of Holcim, in the event where all existing and outstanding shares of Lafarge as of 30 April 2015 (i.e. 287,932,312 shares) would be tendered to the Offer, the share capital and voting rights of Holcim would be allocated as follows as of the date of the closing of the Offer:

Shareholders	Number of shares	% of share capital and voting rights
SCIA	65,777,912	11.22%
GBL	54,511,878	9.30%
NNS	36,058,212	6.15%

9 As of 31 December 2014

10 This entity is held by Mr. Filaret Galchev-Kaltsidis.

11 Harris Associates L.P. include Oakmark International Fund and Oakmark Global Fund. Both funds are managed and controlled by Harris Associates L.P.

12 As of 14 April 2014

13 As of 4 August 2014

Eurocement Holding AG	35,402,772	6.04%
Dodge & Cox	18,880,975	3.22%
Harris Associates L.P.	16,163,815	2.76%
Harbor International Fund	9,840,977	1.68%
Free float	348,328,127	59.41%
Treasury shares	1,260,789	0.22%
Total	**586,225,457**	**100%**

As a consequence, in the event where all Lafarge Shares would be tendered to the Offer, a shareholder of Holcim holding 1.00% of the share capital and voting rights in Holcim prior to the Offer would hold 0.56% of the share capital and voting rights in LafargeHolcim as of the date of the closing of the Offer.

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

The information relating to the Lafarge stock options, Lafarge performance shares and Lafarge Shares held in employee funds, results from the Lafarge *Document de Référence* filed with the AMF on 23 March 2015 under number D.15-0190. Updated information as at 30 April 2015 has been further provided by Lafarge to the Offeror.

2.7.1 Situation of Holders of Lafarge Stock Options

Each of the Lafarge stock options gives right to one Lafarge Share and is granted subject to a four-year vesting period.

Holders of Lafarge stock options granted by Lafarge under the 2005, 2006 (1), 2006 (2), 2007, 2008, 2009, 2010, 2011 and 2012 plans may tender to the Offer the shares of Lafarge they will hold following the exercise of the Lafarge stock options, subject to applicable legal, regulatory or governance constraints:

- the Lafarge stock options granted under the 2005, 2006 (1), 2006 (2), 2007, 2008, 2009, 2010 and 2011 plans are, subject to applicable performance conditions, vested as at the date of this offer document, and
- the Lafarge stock options granted under the 2012 plans are, subject to applicable performance conditions, vested as at the date of this offer document in accordance with the acceleration clause stipulated in such plan.

To Holcim's knowledge, a total of 5,407,702 Lafarge stock options were outstanding as of 30 April 2015.

The table below summarizes the principal characteristics of the Lafarge stock options as of 30 April 2015.

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

	shares	shares	shares	shares	shares
Total number of shares that could be subscribed	1,466,294	768,626	171,980	621,865	819,487
Duration of the options (*in years*)	10	10	10	10	10
Available for exercise from	16/12/09	24/05/10	24/05/10	15/06/11	26/03/12
End of exercise period	16/12/15	24/05/16	24/05/16	15/06/17	26/03/18
Exercise price (*in EUR*)	62.78	84.42	84.42	110.77	96.18
Total number of outstanding Lafarge stock options as at 30 April 2015	1,283,500	718,978	156,195	553,729	740,477

	2009 Plan	2010 Plan	2011 Plan	2012 Plan
Date of the shareholders' meeting providing authorization	03/05/07	06/05/09	06/05/09	12/05/11
Date of the Lafarge Board of Directors meeting/ Date of grant	25/03/09	24/03/10	15/03/11	15/03/12
Settlement	Newly-issued shares	Newly-issued shares	Newly-issued shares	Newly-issued shares
Total number of shares that could be subscribed	744,045	1,203,500	781,980	789,920
Duration of the options (*in years*)	10	10	10	10
Available for exercise from	25/03/13	24/03/14	15/03/15	15/03/16 (but acceleration as a result of the Offer per plan rules)
End of exercise period	25/03/19	24/03/20	15/03/21	15/03/22
Exercise price (*in EUR*)	30.74	51.30	44.50	36.00
Total number of outstanding Lafarge stock options as at 30 April 2015	383,985	592,744	486,392	491,702

Holders of Lafarge stock options benefit, under certain conditions, and to the extent permitted under applicable regulations, from a liquidity mechanism (see article 2.8 of this offer document).

2.7.2 Situation of Holders of Lafarge Performance Shares

Lafarge has put in place several plans granting Lafarge performance shares in 2011, 2012, 2013 and 2014.

The Lafarge performance shares are definitely allotted to beneficiaries upon expiry of a three-year vesting period for French tax residents or upon expiry of a four-year vesting period for non-French tax residents, subject to applicable performance conditions. In addition, French tax residents must also hold the Lafarge performance shares for an additional period of two years following definitive allotment. It should be noted that, pursuant to Article L. 225-197-1 III of the French commercial code, performance shares subject to a holding period can be exchanged under certain conditions in an exchange offer, in which case the remaining holding period shall apply to the shares remitted in exchange pursuant to the exchange offer.

Hence the shares allocated under Lafarge performance share plans to French tax residents under the plans 2011 (1), 2011 (2) and 2012 may be tendered to the Offer, subject to legal, regulatory and governance constraints. The Holcim Shares received in exchange will be subject to the remaining holding period. As a result of the deferral of the holding period related to the Holcim Shares received in exchange, the holders of Lafarge performance shares still subject to a holding period will only be able to tender to the Offer 10 Lafarge Shares or multiples of 10 Lafarge Shares and will not benefit from the resale mechanism of fractional shares described in article 2.4.

In addition, if certain of the performance shares could become transferable following the death or the invalidity of the holders pursuant to the provisions of article L. 225-197-1 of the French commercial code, these performance shares would be targeted by the Offer and could be tendered to the Offer.

On 17 February 2015, the Lafarge Board of Directors amended the 2011 plan applicable to non-French tax residents and the 2012 plan applicable to French tax residents in order to allow the settlement of such plans with newly-issued shares. By decisions dated 16 and 17 March 2015, a total of 303.666 shares have been issued to this effect.

As of 30 April 2015, a total of 277,902 Lafarge performance shares were outstanding, all of which were still subject to a vesting period and/or a mandatory holding period.

The table below summarizes the principal characteristics of the Lafarge performance shares as of 30 April 2015.

	2011 Plan (1)	2011 Plan (2)	2012 Plan	2013 Plan	2014 Plan
Date of the meeting providing authorization	06/05/09	12/05/11	12/05/11	12/05/11	07/05/13
Date of the Lafarge Board of Directors meeting/ Date of grant	15/03/11	12/05/11	15/03/12	13/03/13	11/03/14
Settlement	Existing shares (except for non-French tax residents)	Existing shares	Existing shares (except for French tax residents)	Existing shares	Existing shares
Total of Lafarge performance shares initially granted	328,755	20,000	483,967	636,920	331,745
Date of definitive allotment					
French tax residents	15/03/14	12/05/14	17/03/15	15/03/16	14/03/17
Non-French tax residents	15/03/15	N/A	15/03/16	14/03/17	12/03/18
Date Lafarge performance shares can be transferred					
French tax residents	15/03/16	12/05/16	17/03/17	16/03/18	15/03/19
Non-French tax residents	15/03/15	N/A	15/03/16	14/03/17	13/03/18
Lafarge performance shares outstanding as at 30 April 2015	0	0	188,528	563,090	327,140

Holders of Lafarge performance shares benefit, under certain conditions, and to the extent permitted under applicable regulations, from a liquidity mechanism which is further described in the article 2.8 of this offer document.

2.7.3 Shares Held in Employee Funds

The supervisory board of the FCPE Lafarge 2000 (which holds 0.52% of the share capital and voting rights of Lafarge as of 31 December 2014) will have to decide during the Offer acceptance period whether it tenders the Lafarge Shares it holds to the Offer and, if it decides to tender such shares, the supervisory board will have to draw the consequences of its decision and decide to amend the rules of the FCPE, subject to the approval of the AMF, in order notably to substitute any reference to “Lafarge” in the plan for “LafargeHolcim”.

2.7.4 Shares Held through the Lafarge LEA group savings plan

Lafarge shareholders who directly hold Lafarge Shares through the Lafarge LEA group savings plan (*plan d’épargne groupe LEA*, hereinafter the “**LEA Plan**”) and who reside in a jurisdiction where the Offer will be open, will be permitted to tender their Lafarge Shares held through the LEA Plan in the Offer, under the following conditions:

(i) Where the holder tenders to the Offer both Lafarge Shares that are still subject to a holding period and Lafarge Shares that are not subject to a holding period, the application of the Exchange Ratio and the mechanism implemented for the treatment of fractional shares described in article 2.4 of this offer document will be applied separately to each category of shares;

(ii) Holcim Shares received in exchange for the Lafarge Shares will be held through the LEA Plan. Where the Lafarge Shares tendered to the Offer are subject to a holding period, the residual holding period will be rolled over to the Holcim Shares received in exchange;

(iii) Where the holder receives a cash payment in consideration for fractional shares, such amount will be paid to the holder where the holder is not a resident of France, and reinvested in FCPE units or fractional units in the group savings plan in accordance with the rules thereof and subject to the same residual holding period as the related Lafarge Shares where it corresponds to Lafarge Shares that were subject to a holding period where the holder is a resident of France.

Lafarge shareholders who directly hold Lafarge Shares through the LEA Plan and who reside in a jurisdiction where the Offer will not be open may benefit under certain conditions, and to the extent permitted under applicable regulations, from a liquidity mechanism which is further described in article 2.8 of this offer document.

The provisions of this article are subject to confirmation by the *Direction Générale du Travail*, which is expected to be provided shortly.

2.8 Liquidity Mechanisms to the Benefit of Holders of Lafarge Stock Options and of Lafarge Performance Shares

2.8.1 Liquidity Offered to Holders of Lafarge Stock Options

Holders of Lafarge stock options will be granted the right to exchange the Lafarge shares resulting from the exercise of such stock options after the closing of the Offer into LafargeHolcim shares on the basis of the Exchange Ratio, to the extent permitted under applicable regulations and provided that such holders have agreed to such exchange upon exercise of their stock options.

For each Lafarge stock option granted pursuant to the 2005, 2006, 2007, 2008, 2009, 2010, 2011 or 2012 plan, such liquidity will only be available until the earlier of (i) the last trading day of the month during which the exercise of the Lafarge stock options will occur, or, if the date of such exercise is less than 5 trading days prior to such month end, the last trading day of the month following the month during which such exercise will occur, and (ii) 31 December 2020. For the avoidance of doubt, no liquidity will be available for any Lafarge shares resulting from the exercise of Lafarge stock options from 1 January 2021.

2.8.2 Liquidity Offered to Holders of Lafarge Performance Shares

Holders of Lafarge performance shares who cannot tender such Lafarge performance shares to the Offer due to the terms and conditions of the relevant plan (vesting period) or because of legal, regulatory or governance constraints will have the right to exchange their Lafarge performance shares into LafargeHolcim shares on the basis of the Exchange Ratio, to the extent permitted under applicable regulations and provided that such holders have agreed to such exchange.

Such liquidity will only be available until the first trading day following the date on which the applicable vesting period or, if any, holding period, of the Lafarge performance shares will end.

For French tax residents, the liquidity mechanism will therefore be available, to the extent permitted under applicable regulations, until the first trading day following the applicable holding period of the 2012 plan, 2013 plan and 2014 plan, respectively.

For non-French tax residents, the liquidity mechanism shall therefore be available, to the extent permitted under applicable regulations, until the first trading day following the applicable vesting period of the 2012 plan, 2013 plan and 2014 plan, respectively.

2.8.3 Other Liquidity Mechanisms

Non-French tax resident holders of stock options, performance shares or securities issued pursuant to employee saving plans will also benefit from comparable liquidity rights, subject to applicable local restrictions. Information will be provided to the concerned employees after the closing of the Offer.

2.9 Conditions to the Offer

2.9.1 Minimum Acceptance Threshold of 2/3 of Share Capital or Voting Rights

Pursuant to the provisions of article 231-9 II of the AMF General Regulations, the Offer is subject to the condition that Lafarge Shares, together with the shares of Lafarge held by Lafarge or its affiliates, representing at least two-thirds (2/3) of the share capital or voting rights of the Company (taking into account the loss of double voting rights of Lafarge Shares tendered to the Offer) as of the end date of the Offer acceptance period, be obtained by the Offeror (hereafter, the "**Success Threshold**").

To calculate the Success Threshold, the following will be taken into consideration:

(i) for the numerator: all Lafarge Shares validly tendered to the Offer as of the end date of the Offer acceptance period as well as all the treasury shares of Lafarge;

(ii) for the denominator: all existing Lafarge Shares as of the end of the Offer acceptance period.

Whether the Success Threshold has been reached will not be known by the Offeror or holders of the Lafarge Shares before the publication of the final results of the Offer, which will occur after the end of the Offer acceptance period.

Pursuant to Article 231-9 II of the AMF General Regulations, the Offeror may waive the Success Threshold after the publication of the results of the Offer by the AMF. Such waiver will only be possible to the extent that it will have been previously agreed by Lafarge (pursuant to the Combination Agreement) and that the number of Lafarge Shares tendered to the Offer exceeds the caducity threshold referred to in article 231-9 I of the AMF General Regulations, i.e., 50% of the existing share capital or voting rights of Lafarge

If the Success Threshold is not reached, and if the Offeror has decided not to waive the Success Threshold as specified in the preceding paragraph, the Offer will terminate and the Lafarge Shares tendered to the Offer will be returned to their holders, without any interest or compensation of any kind being due to them.

The Offeror may also decide to waive or reduce the Success Threshold, by filing an improved offer (*surenchère*) at least five trading days before the end of the Offer acceptance period, in accordance with the provisions of article 232-7 of the AMF General Regulations. In any case, the Success Threshold shall not be reduced (i) without the prior approval of Lafarge (pursuant to the Combination Agreement) and (ii) below the caducity threshold of 50% of the share capital or voting rights referred to in article 231-9 I of the AMF General Regulations.

2.9.2 Approval by the Holcim General Meeting of Shareholders of the Issuance of the Holcim Shares and Subsequent Registration of the Amended Holcim Articles of Association and the Holcim Shares with the Commercial Register of St. Gallen, Switzerland

The Offer is subject to the condition of approval by the general meeting of shareholders of Holcim of the resolution relating to the increase of Holcim's share capital in such a maximum amount as may be necessary to issue the Holcim Shares, and the subsequent registration of amended Holcim articles of association and all such Holcim Shares to be issued as consideration for the Lafarge Shares tendered to the Offer, with the commercial register of St. Gallen.

The general meeting of shareholders has approved the relevant share capital increase on 8 May 2015. In accordance with Swiss law, this resolution is valid for three months. Accordingly, all decisions and actions needed to be taken by the Holcim Board of Directors in order to proceed with the issuance of the Holcim Shares to be remitted as consideration for the Lafarge Shares tendered to the Offer, and the filing of the application for the registration of the capital increase with the commercial register of St. Gallen will have to take place within three months from the date of the respective shareholders' meeting at the latest. As a consequence, if the application for the registration of the capital increase, together with all required information, cannot be deposited with the commercial register of St. Gallen on or before 8 August 2015, a new shareholders' meeting would have to be convened to resolve on the share capital increase for the issuance of such Holcim Shares. In such a case, the Offer will be subject to the approval by such new general meeting of shareholders of Holcim of the ordinary share capital increase in Holcim's share capital in such a maximum amount as may be necessary to issue the Holcim Shares to be remitted as consideration for the

Lafarge Shares tendered to the Offer (and the registration with the commercial register as described in this article).

The Holcim Board of Directors has undertaken to convene such additional shareholders' meeting in the event the corresponding resolution adopted on 8 May 2015 lapses prior to closing of the Offer.

In addition, according to applicable Swiss law, after the approval of the general meeting of shareholders of Holcim of the relevant resolutions, and their implementation by the Holcim Board of Directors if the Offer is successful, the completion of the capital increase and the issuance of the Holcim Shares become effective only upon and subject to the registration of the share capital increase with the commercial register of St. Gallen, Switzerland. Under Swiss law, this registration may be blocked for reasons beyond Holcim's control if a request to this effect is filed with the Commercial Register by any third party, thereby delaying or preventing the issuance of the Holcim Shares and consequently delaying or preventing the settlement of the Offer.

It is noted that SCIA, which holds 20.11% of the share capital and voting rights of Holcim as of 31 December 2014, has undertaken to vote in favor of all shareholders' resolutions at the relevant Holcim general meetings required to complete the Offer and to reiterate such undertaking as may be required for the purpose of the Offer, in accordance with the undertaking agreement dated 6 April 2014 as further described in article 1.4.3.

If, for any reason whatsoever, including a delay or an impossibility in the registration of the capital increase with the commercial register, the condition provided in this article 2.9.2 would not be fulfilled, the Offer will terminate and the Lafarge Shares tendered to the Offer will be returned to their holders, without any interest or compensation of any kind being due to them.

2.10 Additional Information Related to the Offer

The risk factors relating to Holcim are provided in article 2 of Part II (*Risk Factors*) of the Registration Document and the risk factors relating to LafargeHolcim are provided in article 3 of Part I (*Risk Factors*) of the Registration Document.

The risk factors relating to the admission of the LafargeHolcim shares to trading on Euronext Paris are provided in the securities note included in the prospectus prepared by Holcim which has been approved by the AMF on 28 May 2015 under number 15-233.

2.11 Possibility of Withdrawal of the Offer

Pursuant to the provisions of article 232-11 of the AMF General Regulations, the Offeror reserves its right to withdraw the Offer within five (5) trading days following the publication of the timetable for a competing offer or improved offer.

Pursuant to the provisions of article 232-11 of the AMF General Regulations, the Offeror also reserves its right to solicit the authorization from the AMF to withdraw the Offer if the Company undertakes, during the Offer acceptance period, measures resulting in the modification of its substance, or if such measures result in an increase of the consideration of the Offer, or if the Offer becomes irrelevant.

In case of withdrawal, the Lafarge Shares tendered to the Offer would be returned to their holders, without any interest or compensation of any kind.

2.12 Extension of the Offer Acceptance Period

In accordance with the terms of article 231-32 of the AMF General Regulations, the dates of opening, of the end of the Offer acceptance period and of the publication of the results of the Offer will be published by the AMF. While the Offer is open, the AMF may postpone the date of the end of the Offer acceptance period and has sole authority in this regard.

2.13 Re-Opening of the Offer

In accordance with the terms of article 232-4 of the AMF General Regulations, if the Offer is successful, it will be automatically re-opened during ten (10) trading days following the publication of the final results of the Offer for a minimum period of ten (10) trading days (the "**Re-opened Offer**").

In the event of a re-opening of the Offer, the terms of the Re-opened Offer will be identical to those of the initial Offer. In this situation, the AMF will publish a timetable for the Re-opened Offer.

2.14 Procedure for Tendering Lafarge Shares to the Offer

In accordance with the terms of the article 232-2 of the AMF General Regulations, the Offer shall be open during twenty-five (25) trading days. After setting the end date of the Offer acceptance period, the AMF may postpone such date in accordance with the AMF General Regulations.

Lafarge Shares tendered to the Offer (and, as the case may be, the Re-opened Offer) must be freely tradable and free of any lien, pledge, or other form of security or restriction of any kind whatsoever which may limit the free transfer of ownership. The Offeror reserves the right to reject any Lafarge Share tendered which does not comply with this condition.

In accordance with the terms of article 232-2 of the AMF General Regulations, orders tendering Lafarge Shares to the Offer (and, as the case may be, the Re-opened Offer) may be withdrawn at any moment until, and including, the last day of the Offer acceptance period (and, as the case may be, of the Re-opened Offer acceptance period). Beyond this date, they will be irrevocable.

Shareholders of the Company which are under the pure nominative form (*nominatif pur*) who wish to tender their Lafarge Shares to the Offer should send their instructions to BNP Paribas Securities Services, which will maintain the subregistry of the share register of the Offeror, up until the last day of the Offer acceptance period at the very latest.

Shareholders of the Company whose Lafarge Shares are either held under administered nominative form (*nominatif administré*) or bearer form (*porteur*) with a financial intermediary (a credit institution, an investment company, etc.) and who wish to tender their Lafarge Shares to the Offer should provide an instruction to their financial intermediary to tender their Lafarge Shares to the Offer, which is in conformity with the model which will be made available to them by the intermediary. Lafarge administered shareholders and bearer shareholders should consult with their own financial intermediary whether any shorter period is specified.

The holders of loyalty bonus Lafarge Shares (bonus dividend subject to the length of the holding period, as provided in article 34.7 of the articles of association of Lafarge) will be able to tender such shares to the Offer under the same conditions than the holders of ordinary Lafarge Shares.

The new Holcim Shares will be created by means of capital increases by way of a contribution in kind through UBS AG (acting on behalf of the shareholders of Lafarge who have tendered Lafarge Shares to the Offer) of the Lafarge Shares tendered to the Offer or, as the case may be, by way of contribution in cash.

The Lafarge shareholders having tendered their Lafarge Shares to the Offer accept that, within the context of the capital increases of Holcim, UBS AG, as Swiss exchange agent, will undertake the contributions in kind of the Lafarge Shares and the subscription of the Holcim Shares acting for the account of the Lafarge shareholders who have accepted the Offer. Each Lafarge shareholder tendering her/his shares to the Offer will accordingly be deemed to have authorized UBS AG, to contribute Lafarge Shares tendered to the Offer and to subscribe for the new Holcim Shares acting for the account of the tendering Lafarge shareholders and to take other necessary or advisable action for their account to effect the exchange, including, in case of contribution in cash, as the case may be, the subscription of the new Holcim Shares against payment of the aggregate par value of the newly issued Holcim Shares in cash (payment financed by UBS AG) in an intermediate step for the subsequent exchange of the new Holcim Shares for the tendered Lafarge Shares and the contribution of such tendered Lafarge Shares to Holcim against repayment by Holcim to UBS AG of the subscription price paid by UBS AG.

2.15 Centralization of the Orders

Each financial intermediary must, at the date indicated in the Euronext Paris notice, transfer to Euronext Paris the Lafarge Shares, for which they have received an instruction to tender to the Offer. Only ordinary Lafarge Shares (ISIN FR0000120537) shall be tendered to the centralization of the Offer monitored by Euronext Paris. As a consequence, the other classes of shares, including the loyalty bonus Lafarge Shares, will be subject to a ISIN code conversion by such financial intermediaries into ordinary Lafarge Shares.

After receipt by Euronext Paris of all orders for tendering to the Offer in the conditions described above, Euronext Paris will centralize all of the orders and determine the results of the Offer.

2.16 Publication of the Results of the Offer – Settlement

The AMF will announce the results of the Offer not later than nine (9) trading days after the end of the Offer acceptance period.

Euronext Paris will indicate in a notice the date of settlement of the Offer, subject to registration of the Holcim Shares with the commercial register of St. Gallen.

No interest will be due for the period from the tender of Lafarge Shares to the Offer until the date of closing of the Offer.

The settlement shall take place after (i) the completion of the centralization by Euronext Paris of the Lafarge Shares tendered to the Offer and (ii) the registration of the Holcim Shares to be issued as consideration for the Lafarge Shares tendered to the Offer with the commercial register of St. Gallen.

The following steps will be taken for settlement of the Offer:

- once the Lafarge Shares tendered to the Offer have been centralized by Euronext Paris, and confirmation thereof has been obtained by Holcim from Euronext Paris, Holcim will issue new Holcim Shares as consideration for the Lafarge Shares tendered to the Offer;
- the issuance of these Holcim Shares will be subject to, and become effective upon, registration of the capital increase with the commercial register of St. Gallen;
- the Holcim Shares will be transferred to Euronext Paris, which will transfer such Holcim Shares to each of the Lafarge shareholders having tendered their Lafarge

Shares to the Offer, and correlatively, the Lafarge Shares tendered to the Offer will be transferred by Euronext Paris to Holcim.

By tendering their Lafarge Shares, the Lafarge shareholders having tendered their Lafarge Shares to the Offer accept that their Lafarge Shares will be contributed to Holcim in exchange for the Holcim Shares. By sending an order to tender their shares to the Offer, each Lafarge shareholder will be deemed to have authorized UBS AG, or another intermediary acting on their account, to contribute the Lafarge Shares tendered to the Offer to Holcim and to take all other necessary or advisable action for their account to effect the exchange.

2.17 Indicative Timetable

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

11 May 2015	Filing of Holcim's draft offer document with the AMF (*Projet de Note d'Information*) Filing of Lafarge's draft response document (*Projet de Note en Réponse*) with the AMF
11 May 2015	Making Holcim's draft offer document available to the public and publishing it on the AMF website (www.amf-france.org) and on the website of the Offeror (www.holcim.com) Making Lafarge's draft response document available to the public and publishing it on the AMF website (www.amf-france.org) and on the website of the Company (www.lafarge.com)
28 May 2015	Publishing of the declaration of conformity of the Offer by the AMF with approval of Holcim's offer document Approval of Lafarge's response document
29 May 2015	Publication of notices advising the availability of Holcim's offer document and Lafarge's response document and other information
29 May 2015	Making Holcim's offer document and Lafarge's response document available to the public, in accordance with article 231-27 of the AMF General Regulations
29 May 2015	Making the information relating to the legal, financial and accounting situations available to the public by Holcim and by Lafarge in accordance with article 231-28 of the AMF General Regulations
1 June 2015	Opening of the Offer
3 July 2015	End of the Offer
9 July 2015	Publication of the final results of the Offer
At the latest 10 trading days after the publication of the results of the Offer	In case of success of the Offer, opening of the Re-opened Offer

2.18 Financing of the Offer and Related Costs of the Offer

2.18.1 Expenses Related to the Offer

The total cost incurred by Holcim in connection with the Offer, fees and other costs of external, financial, legal and accounting advisers as well as any experts and other consultants and advertising and communication costs, and the costs relating to the financing of the transaction, are estimated at approximately EUR15 million excluding VAT.

2.18.2 Means of Financing the Offer

The Offer does not require any financing since it is realized by way of a public exchange offer pursuant to which the Lafarge Shares tendered to the Offer shall be exchanged for Holcim Shares.

2.19 Assumption of Expenses for Shareholders

No expenses will be reimbursed and no commissions will be paid by Holcim to any intermediary of Lafarge shareholders or any other person soliciting the tendering of Lafarge Shares to the Offer.

2.20 Restrictions Applicable to the Offer Outside France

The Offer is made exclusively in France, other than provided below. This offer document is not to be distributed in countries other than France.

This offer document and any other document related to the Offer does not constitute an offer to sell or buy financial instruments or the solicitation of such an offer in any country where such offer or solicitation would be illegal or to any person to whom such an offer may not validly be made. Holders of Lafarge Shares outside France may not participate in the Offer unless such participation is permitted under the local law to which they are subject.

The distribution of this offer document and any document related to the Offer and participation in the Offer may be subject to legal restrictions in certain jurisdictions.

Persons coming into possession of this offer document must inform themselves of and comply with all applicable legal restrictions. The violation of such legal restrictions may constitute a violation of applicable securities laws and regulations in certain jurisdictions.

In particular in the countries mentioned hereafter, the distribution of this offer document or of any information provided herein, as well as the Offer itself, is subject to applicable restrictions and local laws.

United States

The Holcim Shares offered in the Offer have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged, delivered or otherwise transferred in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Holcim Shares offered in the Offer are being offered in exchange for existing Lafarge Shares (a) in the United States by Holcim only to certain "qualified institutional buyers", or "QIBs", as defined in Rule 144A under the Securities Act, in reliance on the exemption from registration provided for private placements by Section 4(a)(2) under the Securities Act and (b) outside the United States only in reliance on Regulation S in "offshore transactions" as defined in, and in accordance with, Regulation S.

Accordingly, except for offers of Holcim Shares offered in the Offer to QIBs by Holcim in the Offer, as set forth in the preceding sentence:

- Lafarge shareholders in the United States may not tender their shares or American Depositary Shares in the Offer.
- No communication relating to the Offer or invitation to participate in the Offer may be addressed to the United States or directed to persons who reside or are present in the United States.
- Neither this document nor any other document relating to the Offer may be distributed or disseminated by an intermediary or any other person into the United States.
- Envelopes containing orders to tender should not be postmarked in the United States or otherwise dispatched from the United States, and all persons exchanging Lafarge Shares for Holcim Shares and wishing to hold such Holcim Shares in registered form must provide an address for registration of the Holcim Shares that is outside the United States.
- At the time of a person's decision to tender Lafarge Shares to the Offer, a person receiving this offer document will be deemed to represent that (i) he or she did not receive in the United States of America a copy of this offer document, any other offer document or document relating to the Offer of the Holcim Shares nor any exercise form or information, (ii) at the time of tender, he or she is located outside the United States and is not acting on behalf of a person located in the United States and (iii) he or she is acquiring the Holcim Shares outside the United States in an “offshore transaction” as this term is defined in Regulation S under the Securities Act.

Authorised financial intermediaries may not accept tenders of Lafarge Shares if they reasonably believe that they do not conform to the provisions mentioned above, and in particular may not accept tenders of Lafarge Shares made by clients who are present in the United States or have an address in the United States, subject to certain exceptions described in a U.S. private placement memorandum for QIBs. Any incomplete instruction or instruction that does not meet these requirements shall be null and void.

In addition, until the expiration of 40 days as the distribution of Holcim Shares in exchange for existing Lafarge Shares, an offer to sell or a sale of Holcim Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the Securities Act.

Canada

The making of the Offer in Canada is exempt from the formal take-over bid and other requirements of Canadian securities laws. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document, the related materials provided in connection with the Offer or the merits of the securities described herein and therein.

Canadian Lafarge shareholders are advised that this document and the related materials provided in connection with the Offer have been prepared in accordance with securities laws, stock exchange rules and other legal requirements of jurisdictions other than Canada or any province or territory of Canada. Information contained within this document and the related materials provided in connection with the Offer has not been prepared with regard to matters that may be of particular concern to Canadian Lafarge shareholders and may not be comparable to information that would be contained in take-over bid materials prepared in accordance with Canadian securities laws. Accordingly, Canadian Lafarge shareholders should consult with their own legal, financial and tax advisers concerning the information contained herein and therein and the implications of accepting the Offer in their particular circumstances.

Canadian Lafarge shareholders that wish to accept the Offer should carefully follow the procedures set forth in this offer document and the related materials provided in connection with the Offer. Canadian Lafarge shareholders that own their Lafarge shares through or in the name of a broker, investment dealer, bank, trust company or other intermediary should also carefully follow the instructions provided by such intermediary in order to accept the Offer.

Any resale of the Holcim Shares received as consideration in the Offer must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with prospectus and registration requirements or exemptions from the prospectus and registration requirements, which may vary depending on the province or territory. Canadian Lafarge shareholders are advised to seek legal advice prior to any resale of the Holcim Shares, both within and outside Canada.

Any discussion of taxation and related matters contained within this offer document and the related materials provided in connection with the Offer does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to accept the Offer and, in particular, does not address Canadian tax considerations. Canadian Lafarge shareholders should consult with their own legal, financial and tax advisers with respect to the tax and other implications of accepting the Offer in their particular circumstances and with respect to the eligibility of the Holcim Shares for investment under relevant Canadian federal and provincial legislation and regulations.

2.21 Tax Treatment of the Offer and of the Holcim Shares Received in Exchange for Lafarge Shares

The description of the French and Swiss tax treatment of the Offer and of the Holcim Shares received in exchange for Lafarge Shares summarized below is based on the laws as currently in force, as such laws may be modified by subsequent amendments brought to the applicable French or Swiss tax rules (potentially with retrospective effect) and their interpretation by the French or Swiss tax authorities.

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

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

2.21.1 Swiss Tax Treatment of the Offer

(i) The transaction in the context of the Offer should qualify as a tax neutral transaction for Swiss tax purposes (merger-like combination; *Quasifusion*).

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

(ii) Individual Income Tax

The exchange of Lafarge Shares for Holcim Shares within the context of the Offer should not be subject to federal, cantonal and communal income taxes for Swiss resident shareholders holding their Lafarge Shares as private assets (*Privatvermögen*).

The exchange of Lafarge Shares for Holcim Shares within the context of the Offer should not be subject to Swiss federal, cantonal and communal income taxes for Swiss resident shareholders holding the Shares as business assets (*Geschäftsvermögen*) or classifying as a professional securities dealer (*gewerbsmässiger Wertschriftenhändler*) provided the Holcim Shares will carry over the (tax) book value of the Lafarge Shares.

(iii) Corporate Income Tax

The exchange of Lafarge Shares for Holcim Shares within the context of the Offer should not be subject to Swiss federal, cantonal and communal income taxes for Swiss resident corporate shareholders provided the Holcim Shares will carry over the (tax) book value of the Lafarge Shares.

(iv) Swiss Withholding Tax

As confirmed by the Swiss tax authorities, the exchange of Lafarge Shares for Holcim Shares within the context of the Offer is not subject to Swiss withholding tax.

(v) Stamp Duties

As confirmed by the Swiss tax authorities, the exchange of Lafarge Shares for Holcim Shares, the contribution of the Lafarge Shares to the share capital and the reserves from capital contributions of Holcim and the issuance of the Holcim shares in the course of the capital increase within the context of the Offer are exempt from Swiss one-time issuance stamp duty (*Emissionsabgabe*) and the Swiss securities transfer stamp duty (*Umsatzabgabe*).

2.21.2 French Tax Treatment of the Offer

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

(a) General Regime Applicable to French Resident Individuals (Other than Individuals Holding their Lafarge Shares through a Share Savings Plan (PEA) or Holding Shares Acquired Pursuant to Stock Option or Performance Share Plans)

In accordance with the provisions of article 150-0 B of the French tax code (the "**FTC**"), capital gains or capital losses realized upon the exchange of Lafarge Shares for Holcim Shares in the context of the Offer are subject to a rollover regime (*sursis d'imposition*) and are not taken into account for the assessment of the personal tax income for the year of the exchange, the exchange resulting from a public offer realized in accordance with the applicable regulation.

It follows, in particular, that:

– the exchange does not have to be reported by the taxpayer in his or her personal income tax return; and

– the capital loss, if any, realized in the exchange cannot be taken into account in respect of the year of the exchange, and cannot be set off against the capital gains, if any, realized during the year in which the exchange takes place or in the ten (10) following years.

The rollover regime expires, in particular, upon the sale, the repurchase, the redemption or the cancellation of the Holcim Shares received in exchange for the Lafarge Shares or, under certain conditions, for French resident holders of Holcim Shares who become resident in another country and who hold a substantial shareholding in Holcim (i.e. a shareholding the value of which exceeds EUR 800,000). The net capital gain realized upon the realization of one of the events mentioned above and ending the rollover regime will be calculated by reference to the taxpayer's tax basis in the Lafarge Shares tendered to the Offer and according to the rules of taxation which apply on the day of said event.

Where the holder receives a cash payment in consideration for fractional shares, the exchange is analyzed, up to the amount of the shares corresponding to the fractional rights transferred, as a sale which is immediately taxable under standard conditions.

*(b) Individuals Resident of France for Tax Purposes, Who Hold their Lafarge Shares through a Share Savings Plan (plan d'épargne en actions ("**PEA**"))*

Persons holding Lafarge Shares through a PEA can participate in the Offer.

Under current French law, Holcim Shares received in the context of the Offer will not be eligible to the PEA and will have to be registered on an ordinary securities account.

As a consequence, the exchange of Lafarge Shares held through a PEA for Holcim Shares in the context of the Offer will trigger the termination of the PEA, unless the shareholder, within two months following the exchange of its Lafarge Shares for Holcim Shares, makes a cash contribution to the PEA for an amount equal to the value of the shares at the date of the exchange. Such compensatory contribution will not be taken into account in assessing the maximum contribution authorized in a PEA.

In any event, the exchange and the corresponding capital gain will be regarded as realized in the context of the PEA.

Individuals holding their Lafarge Shares through a PEA should contact their usual tax advisor in order to determine the tax regime applicable to their own situation, and in particular to determine the tax consequences (individual income tax and social contributions) in the absence of any compensatory contribution.

(c) French Resident Holders of Lafarge Shares Received Following the Exercise of Lafarge Stock Options

Acquisition gain recognized upon exercise of the options

Pursuant to Article 163 bis C of the FTC (as applicable to Lafarge stock options granted before September 28, 2012), French resident beneficiaries of Lafarge stock options granted in accordance with the provisions of Article

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

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

Pursuant to Article 163 bis C-I bis of the FTC and Article 200 A 6. of the FTC (as applicable to Lafarge stock options granted before September 28, 2012), the exchange of Lafarge Shares resulting from the exercise of stock options in the Offer :

- will not *per se* trigger the loss of the benefit of the aforementioned provisions, since such an operation is treated as an interim transaction and the holding obligations are rolled over to the shares received in the exchange;
- will not be a triggering event for tax and social security purposes provided that Holcim Shares are maintained in registered form;
- will not result in a breach of the four-year holding period provided for under Article 163 bis C of the FTC (as applicable to Lafarge stock options granted before September 28, 2012), it being noted that the aforementioned conditions of the first paragraph of Article 163 bis, I of the FTC will remain applicable to the Holcim Shares received in the exchange;
- will not result in breach of the two-year holding period provided for under the third paragraph of Article 200 A 6 of the FTC (as applicable to Lafarge stock options granted before September 28, 2012), it being noted that the conditions mentioned in this article remain applicable to the Holcim Shares received in the exchange.

The Offer will however not be considered as an interim transaction, and will then trigger, as the case may be, per se the loss of the benefit of the favorable tax and social regime and result in the breach of the aforementioned holding periods still applicable, in case holders of Lafarge Shares received following the exercise of Lafarge stock-options, receive a cash payment in consideration for fractional shares, and up to the number of shares corresponding to the fractional rights transferred.

The acquisition gain recognized upon exercise of the stock options will become taxable upon subsequent sale, repurchase, redemption or cancellation of the Holcim Shares received in exchange for the Lafarge Shares or upon the conversion of such shares into bearer form before the end of the four-year freeze period. The applicable tax and social security regime will depend on whether or not the conditions of Article 163 bis C of the FTC and Article 200 A 6 of the FTC (as applicable to Lafarge stock options granted before September 28, 2012) described hereinabove are satisfied at the time of such transfer.

Capital gain or loss recognized at the time of the exchange or of the subsequent disposal of the shares received in exchange

The capital gain or loss, as applicable, which may be realized upon the exchange, in the context of the Offer, of Lafarge Shares resulting from the exercise of stock options, equal to the excess (or shortfall as applicable) of (i) the value of the Holcim Shares received in the exchange over (ii) the opening trading price of the Lafarge Shares on the exercise date of the options, will be subject to the rollover regime provided by Article 150-0 B under the conditions described in article 2.21.2(i)(a) hereof and to the specific provisions applicable to fractional shares.

Shareholders recognizing a loss upon subsequent disposal of their Holcim Shares should consult their usual tax advisor in order to determine the tax regime applicable to their own situation.

Liquidity agreement

The attention of stock option holders is drawn to the fact that French resident holders of Lafarge stock options entering into the liquidity agreement described in article 2.8.1 hereof would not benefit from any rollover regime in connection with the exchange of the Lafarge Shares resulting from the exercise of their stock options for Holcim Shares. As a result the corresponding acquisition gain and capital gain, if any, would be taxable in the year of the exchange of the Lafarge Shares for Holcim Shares, pursuant to the liquidity agreement.

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

Acquisition gain recognized upon acquisition of the performance shares

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

In this respect, pursuant the second paragraph of Article 80 quaterdecies of the FTC (as applicable to Lafarge performance shares granted before September 28, 2012), the exchange of Lafarge Shares granted under performance share plans in the Offer:

- will not *per se* trigger the loss of the benefit of the aforementioned provisions, since such an operation is treated as an interim transaction and the holding obligations will be rolled over to Holcim Shares received in the exchange;

- will not be a triggering event for tax and social security purposes provided that Holcim Shares are maintained in registered form;
- will not result in a breach of the two-year holding period mentioned hereinabove, it being noted that the aforementioned conditions of Article 80 quaterdecies of the FTC remain applicable to the Holcim Shares received in the exchange.

The Offer will however not be considered as an interim transaction in case holders of Lafarge Shares granted under performance share plans receive a cash payment in consideration for fractional shares pursuant to the administrative guidelines BOI-RSA-ES-20-20-10-20-20140812, no 140, 150, 200 and 250, and up to the number of shares corresponding to the fractional rights transferred. As described in article 2.7.2 above, the holders of Lafarge performance shares still subject to a holding period will only be able to tender to the Offer 10 Lafarge Shares or multiples of 10 Lafarge Shares and will not benefit from the resale mechanism of fractional shares described in article 2.4, since any outstanding holding period will apply for its remaining duration to the Holcim Shares received in exchange pursuant to the provisions of article L. 225-197-1 of the French commercial code.

The acquisition gain recognized upon acquisition of the performance shares will become taxable upon subsequent sale, repurchase, redemption or cancellation of the Holcim Shares received in exchange for the Lafarge performance shares.

Capital gain or loss recognized at the time of the exchange or of the subsequent disposal of the shares received in exchange

The capital gain or loss, as applicable, which may be realized upon the exchange of the Lafarge performance shares in the context of the Offer, equal to the excess (or shortfall as applicable) of (i) the value of the Holcim Shares received in the exchange over (ii) the opening trading price of the Lafarge Shares on the day Lafarge performance shares have been definitively acquired, will be subject to the rollover regime provided by Article 150-0 B under the conditions described in article 2.21.2(i)(a) hereof. Shareholders recognizing a loss upon subsequent disposal of their Holcim Shares should consult their usual tax advisor in order to determine the tax regime applicable to their own situation.

(e) French resident holders of Lafarge Shares held through the LEA plans

French resident holders of Lafarge Shares held through the LEA Plan may tender their shares to the Offer in accordance with the terms and conditions described in article 2.7.4 of this offer document. The application of the social security levies will not be triggered so long as the holder does not request a withdrawal of all or part of his or her investment from the LEA Plan. The tax basis of the Lafarge Shares tendered to the Offer will be rolled over to the Holcim Shares received in exchange and, as applicable, the FCPE units or fractional units received in consideration for the reinvestment of the net proceeds of the fractional shares. The residual holding period will be rolled over as described in article 2.7.4 of this offer document.

(ii) Legal Entities Which Are Tax Resident in France and Subject to French Corporate Income Tax under Standard Conditions

Under the provisions of article 38-7 of the FTC, a rollover regime is applicable to any profit or loss realized in the context of public exchange offers. As a consequence, in accordance with the provisions of article 38-7 of the FTC, the profit or the loss resulting from the exchange of Lafarge Shares for Holcim Shares realized in the context of the Offer is to be included in the taxable income of the fiscal year during which the Holcim Shares received in exchange for the Lafarge Shares are disposed of.

The application of the provisions of article 38-7 of the FTC is mandatory.

The profit or the loss resulting from the subsequent sale of the Holcim Shares received in exchange for the Lafarge Shares will be determined by reference to the tax basis the holder had in the Lafarge Shares it tendered to the Offer. For the application, as the case may be, of the long term capital gains regime, the holding period of the Holcim Shares will be computed as from the acquisition date of the Lafarge Shares tendered to the Offer.

According to the provisions of article 54 *septies* of the FTC, specific declarative obligations are to be complied with by the legal entities benefiting from the rollover regime set out by article 38-7 of the FTC.

Where the holder receives a cash payment in consideration for fractional shares, the exchange is analyzed, up to the amount of the shares corresponding to the fractional rights transferred, as a sale which is immediately taxable under standard conditions, with application of the long term capital gains regime as the case may be.

(iii) Non-Residents for French Tax Purposes

Subject to applicable provisions of international tax treaties, the capital gains derived from the transfer of Lafarge Shares in the context of the Offer by persons (i) who are not fiscal residents of France as defined by article 4B of the FTC or whose registered office is situated outside of France, (ii) who do not hold their Lafarge Shares in connection with a French fixed base or permanent establishment, and (iii) who have not, at any moment during the course of the five years preceding the transfer, held, directly or indirectly, alone or with members of their family, an interest representing more than 25% in the rights to the Company's profits, are, in principle, not subject to French taxes (articles 244 bis B and C of the FTC), except if the capital gains are recognized by persons or organizations residing, established or constituted outside of France and in a non-cooperative state or territory ("NCST") within the meaning of Article 238-0 A of the FTC. In the latter case, regardless of the magnitude of the interest held in the rights to the Company's profits, capital gains are taxed at a 75% flat rate. The list of non-cooperative States or territories is published by ministerial decree and updated yearly.

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

Holders of Lafarge Shares who are not French tax residents should contact their usual tax advisor to get informed about the tax regime that applies to their own situation, and non-French resident holders of Lafarge stock options and performance shares should also contact their usual tax advisor in order to determine the tax regime applicable to their own situation, both in France and in their country of residence.

(iv) Other Shareholders

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

(v) Financial transactions tax

The receipt of Holcim Shares by the holders of Lafarge Shares in the context of the Offer will not be subject to the financial transactions tax set out under Article 235 ter ZD of the FTC.

2.21.3 Tax Treatment Applicable to the Holcim Shares Received in Exchange for Lafarge Shares in the Offer

(i) Swiss Taxation

(a) *Swiss Withholding Tax* (*Verrechnungssteuer*)

For purposes of this discussion, the term “Qualifying Reserves” means the “reserves from capital contributions,” as part of the general (legal) reserves, of the Swiss statutory financial statements of the company which is accumulated by certain qualifying contributions received from shareholders and which is notified to and recognized by the Swiss Federal Tax Administration.

Dividends and similar distributions out of Qualifying Reserves and repayments of the nominal share capital will not be subject to Swiss withholding tax. Under the applicable capital contribution principle, the repayment of all qualifying capital contributions made by the investors will be exempt from Swiss withholding tax provided that such capital contributions have been made after December 31, 1996 and notified to and approved by the Swiss Federal Tax Administration. In this regard, the Swiss Federal Tax Administration issued a specific circular on how the capital contribution principle should be applied (circular by the Swiss Federal Tax Administration No. 29 of December 9 2010, capital contribution principle; *Kreisschreiben der Eidgenössischen Steuerverwaltung Nr. 29 vom 9. Dezember 2010, Kapitaleinlageprinzip*). It is at the discretion of the Holcim shareholders to decide (at a general meeting) whether to distribute a dividend out of Qualifying Reserves free of Swiss withholding tax and/or out of profit/retained earnings/non-qualifying reserves subject to Swiss withholding tax. Once cumulative distributions exceed the Qualifying Reserves, any distributions paid by LafargeHolcim will be subject to Swiss withholding tax. To the extent that additional shares are issued by LafargeHolcim in the future, the value of the distributions which can be made free of Swiss withholding tax will be increased by an amount corresponding to the total nominal share capital and paid-in capital/share premium of the shares issued. The share premium created as a result of the issuance of consideration shares is expected to qualify as Qualifying Reserves.

Any dividends and similar cash or in-kind distributions of profit and reserves other than Qualifying Reserves made by Holcim, including stock dividends and the distribution of any liquidation proceeds in excess of nominal share capital and Qualifying Reserves, will be subject to Swiss withholding tax imposed on the gross amount at the then-prevailing rate (currently 35%).

For distributions subject to Swiss withholding tax, Holcim may only pay out 65% of the gross amount of any dividend and similar distributions to the holders of Holcim Shares. A portion equal to 35% of the gross amount of such dividends and similar distributions must be paid to the Swiss Federal Tax Administration.

The redemption of Holcim Shares by Holcim may under certain circumstances (in particular, if the Holcim Shares are redeemed for subsequent cancellation) be taxed as a partial liquidation for Swiss withholding tax purposes, with the effect that Swiss withholding taxes at the then-prevailing rate (currently 35%) is due on the difference between the redemption price and nominal value plus proportionate Qualifying Reserves of the redeemed Holcim Shares.

Swiss resident beneficiaries of taxable dividends and similar distributions in respect of Holcim Shares are entitled to full subsequent relief of the Swiss withholding tax, either through a tax refund or tax credit against their income tax liability, if they duly report the underlying income in their tax returns or financial statements used for tax purposes, as the case may be, and if there is no tax avoidance.

(b) A non-resident shareholder may be entitled to a partial refund of the Swiss federal withholding tax on a dividend and similar distributions if the country of his or her residence for tax purposes has entered into a bilateral treaty with respect to taxes on income with Switzerland and the conditions of such treaty are met. Such shareholders should be aware that the procedures for claiming treaty benefits (and the time required for obtaining a refund) might differ from country to country. For example, a shareholder who is a resident of France for the purposes of the tax treaty entered into between France and Switzerland and dated 6 September, 1966, as amended by the protocols of 3 December 1969, 22 July 1997, 27 August 2009, and 25 June 2014 (the "**Treaty**") is eligible for a partial refund of the amount of the withholding tax in excess of the 15% treaty rate, provided that such shareholder: (i) qualifies for benefits under this treaty and qualifies as the beneficial owner of the dividends or similar distributions and (ii) does not conduct business through a permanent establishment or fixed base in Switzerland to which the shares are attributable. Such an eligible French shareholder may apply for a refund of the amount of the withholding tax in excess of the 15% treaty rate. The applicable refund request form may be filed with the Swiss Federal Tax Administration following receipt of the dividend (or similar distribution) and the relevant deduction certificate, however no later than 31 December of the third year following the calendar year in which the dividend (or the similar distribution) was payable. An eligible French shareholder that holds, directly or indirectly, more than 10% of the capital in the company may benefit from a zero tax rate on dividends or similar distributions under Article 11.2(b)(i) of the Treaty, and subject to the limitations set forth under Article 11.2(b)(ii) and 11.2(b)(iii) of the Treaty. However, the Swiss Withholding Tax at a rate of currently 35% has to be withheld, unless the distributing Swiss company applies for the notification procedure before the dividend becomes due. The application for the notification procedure and the declaration of the dividend (or similar) distribution must be made by use of the applicable forms. A deadline of 30 days after the dividend payment is due has to be respected.

Shareholders should contact their usual tax advisor in order to determine the tax regime and formalities applicable to their own situation.

(c) Foreign Final Withholding Tax (*Abgeltungssteuer*)

On 1 January 2013, treaties on tax cooperation which Switzerland entered into with the United Kingdom and with Austria came into force (each of the United Kingdom and Austria being, for the purpose of this paragraph, a "Contracting State"). The treaties require a Swiss paying agent, as defined in the treaties, to levy a flat-rate "final withholding tax" at rates specified in the treaties on certain capital gains and income items (including dividends), all as defined in the treaties, deriving from certain assets (which would include the Shares) booked or deposited with a Swiss paying agent by (i) an individual resident in a Contracting State, or (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*), an insurance company in a so-called insurance wrapper (*Lebensversicherungsmantel*) or any other individual with an account or deposit with a Swiss paying agent, if the beneficial owner of the relevant asset is an individual resident in a Contracting State. Under the treaty with the UK, the tax rate for individuals resident and domiciled in the UK is 35% on dividends and 27% on capital gains, and, under the treaty with Austria, 25% on dividends and capital gains. The flat-rate tax withheld replaces the ordinary capital gains tax and income tax on the relevant capital gains and income items in the Contracting State where the individuals are tax resident, unless an affected individual elects for the flat-rate tax withheld to be treated as if it were a credit allowable against the income tax or, as the case may be, capital gains tax, due from that individual for the relevant tax year in the relevant Contracting State. Alternatively, instead of paying the flat-rate tax, such individuals may opt for a disclosure of the relevant capital gains and income items to the tax authorities of the Contracting State where they are tax residents.

If Swiss federal withholding tax of 35% has been withheld on dividends or similar distributions made in respect of Holcim Shares, the Swiss paying agent will – to the extent provided in the applicable bilateral treaty with respect to taxes on income between Switzerland and the Contracting State – in its own name and on behalf of the relevant shareholder file with the Swiss tax authorities a request for the partial refund of the Swiss federal withholding tax. The Swiss federal withholding tax which is not refundable according to the bilateral tax treaty (residual tax) is credited against the flat-rate final withholding tax.

(d) Swiss Federal, Cantonal and Communal Individual Income Tax and Corporate Tax

(I) Non-Resident Shareholders

Shareholders who are not resident in Switzerland for tax purposes, and who, during the relevant taxation year, have not engaged in a trade or business carried on through a permanent establishment or fixed place of business situated in Switzerland for tax purposes, will not be subject to any Swiss federal, cantonal and communal income tax on dividends and similar distributions on Shares (including dividends on liquidation proceeds and stock dividends), distributions based upon a capital reduction (*Nennwertrückzahlungen*) and Qualifying reserves on shares, or capital gains realized on the sale or other disposition of shares (see article "Swiss Withholding Tax" for a summary of Swiss federal withholding tax on dividends and similar distributions, and "Foreign final withholding tax" for a summary on final withholding taxes in respect of shares held in Swiss accounts by non-resident shareholders).

(II) Resident Private Shareholders

An individual who is resident in Switzerland for tax purposes and holds Holcim Shares as part of his or her private assets (*Privatvermögen*) and who receives dividends and similar distributions (including stock dividends and liquidation proceeds in excess of nominal share capital and Qualifying Reserves) from Holcim must include these distributions in his or her personal tax return and will be subject to federal, cantonal and communal income tax on any net taxable income for the relevant tax period. However, dividends and similar distributions out of Qualifying Reserves and repayments of the nominal share capital should not be subject to federal, cantonal and communal income tax.

Swiss resident individuals holding Holcim Shares as business assets or qualifying as professional securities dealer (*Wertschriftenhändler*), as well as non-resident individuals holding the shares as part of a permanent establishment or a fixed place of business in Switzerland are required to include all taxable distributions received on Holcim Shares in their income statements and will be subject to federal, cantonal and communal income tax on any net taxable income for the relevant tax period.

(III) Resident Corporations

Non-resident corporations holding Holcim Shares as part of a Swiss permanent establishment or legal entities resident in Switzerland are required to include all taxable distributions received on Holcim Shares in their profit and loss statement relevant for profit tax purposes and will be subject to federal, cantonal and communal corporate income tax on any net taxable earnings for such period. A Swiss corporation or cooperative, or a non-Swiss corporation or co-operative holding Holcim Shares as part of a Swiss permanent establishment, may, under certain circumstances, benefit from taxation relief with respect to distributions (*Beteiligungsabzug*), provided such Holcim Shares represent at the time of the distribution at least 10% of the share capital or 10% of the profit and reserves, respectively, or a fair market value of at least 1 million Swiss francs.

(e) Swiss cantonal and communal private wealth tax and capital tax

(I) Non-Resident Shareholders

Non-resident shareholders are not subject to Swiss cantonal and communal private wealth tax or capital tax.

(II) Resident Private Shareholders

An individual who is a non-Swiss resident holding Holcim Shares as part of a Swiss permanent establishment or fixed place of business situated in Switzerland, or who is a Swiss resident for tax purposes is required to include his or her Holcim Shares in his or her assets which are subject to cantonal and communal private wealth tax. No private wealth tax is levied at the federal level.

(III) Resident Corporations

Corporations resident in Switzerland or non-resident corporations with a Swiss permanent establishment are subject to cantonal and communal capital tax. The cantonal and communal capital tax is levied on the basis of the taxable equity of the legal entities. Usually, the acquisition of Holcim Shares should not influence the equity of a legal entity and should therefore have no or only limited influence on its capital tax charge. No capital tax is levied at the federal level.

(f) Taxes on capital gains upon disposal of Holcim Shares

(I) Non-Resident Shareholders

Shareholders who are not resident in Switzerland for tax purposes, and who, during the relevant taxation year, have not engaged in a trade or business carried on through a permanent establishment or fixed place of business situated in Switzerland for tax purposes, will not be subject to any Swiss federal, cantonal and communal income tax or capital gains realized on the sale or other disposition of shares.

(II) Resident Private Shareholders

Individuals who are resident in Switzerland for tax purposes and hold Holcim Shares as part of their private assets (*Privatvermögen*) generally are exempt from Swiss federal, cantonal and communal taxes with respect to capital gains realized upon the sale or other disposal of Holcim Shares, unless such individuals are qualified as professional securities dealer (*Wertschriftenhändler*) for income tax purposes. Under certain circumstances, share sale proceeds of a private individual may be recharacterized into taxable investment income. Upon a repurchase of Holcim Shares by LafargeHolcim, the portion of the repurchase price in excess of the nominal amount and Qualifying Reserves may be classified as taxable investment income if the Holcim Shares repurchased are not sold within a six-year period or if the Holcim Shares are repurchased for a capital reduction.

Capital gains realized by an individual on Holcim Shares that are held as part of his or her business assets are subject to income taxation and social security contributions. Capital gains realized by individuals who, for income tax purposes, are classified as professional securities dealers are subject to income taxation and social security contributions.

(III) Resident Corporations

Capital gains upon the sale or other disposal of Holcim Shares realized by corporations resident in Switzerland for tax purposes or foreign corporations holding Holcim Shares as part of a Swiss permanent establishment are generally subject to ordinary profit taxation. A Swiss corporation or co-operative, or non-Swiss corporation or co-operative holding Holcim Shares as part of a Swiss permanent establishment, may, under certain circumstances, benefit from taxation relief on capital gains realized upon the disposal of Holcim Shares (*Beteiligungsabzug*), provided such Holcim Shares were held for at least one year and the shareholder disposes of at least 10% of the share capital or 10% of the profit and reserves, respectively. Subsequent sales can be less than 10% of the nominal share capital in order to qualify for the participation relief, provided the fair market value of the Holcim Shares held as per the previous financial year end prior to this sale amounts to at least 1 million Swiss francs.

(g) Gift and Inheritance Taxes

The transfer of Holcim Shares may be subject to cantonal and/or communal gift, estate or inheritance taxes if the donor is, or the deceased was, resident for tax purposes in a canton levying such taxes.

(h) Stamp Tax upon the Transfer of Holcim Shares

The transfer of any Holcim Shares may be subject to Swiss securities transfer duty (*Umsatzabgabe*) at a current rate of up to 0.15% if such transfer occurs through or with a Swiss or Liechtenstein bank or securities dealer as defined in the Swiss federal stamp tax act.

(ii) French Taxation

(a) *Individuals Residents of France for Tax Purposes who are Holding Holcim Shares as Part of their Private Estate and Who Do Not Trade on the Markets on a Usual Basis*

As noted hereinabove in article 2.21(i)(b), Holcim Shares will not be eligible to the PEA.

Dividends

Personal income tax and additional contributions

The dividends paid by Holcim to holders who are fiscally domiciled in France are subject to personal income tax in France under the conditions described below.

The gross amount of the dividends is taken into account to calculate the taxpayer's total income in the category of tax on income from investment in securities, subject to personal income tax at the progressive scale, after deduction of an allowance equal to 40% of the amount of the dividends.

Under Article 25-A, 1 of the of the Treaty, the withholding tax levied in Switzerland on such dividends, if any, will not be deductible from the French taxable income of holders of Holcim Shares. However, holders of Holcim Shares may claim a tax credit in respect of such withholding tax, if any, in accordance with article 25-A, 1(b) of the Treaty. The amount of this tax credit shall correspond to the amount of Swiss withholding tax levied on these dividends at the reduced Treaty rate, capped at the amount of French personal income tax assessed on the dividends. No credit will be available for the portion of the withholding tax exceeding the 15% Treaty rate.

The gross amount of the dividends received will also be included (before application of the 40% rebate) in the taxpayer's reference income (*revenu de référence*), which may be subject to the 3% or 4% contribution on high-income taxpayers.

21% levy

It should be noted that, subject to limited exceptions, under Article 117 quater of the FTC, a 21% levy must be paid on dividends, such levy being an advance personal income tax payment which can be set off against the personal income tax charge due in respect of the year in which the 21% levy applies, the surplus, if any, being refunded to the taxpayer. This levy is paid (i) by withholding at source where the paying agent is established in a European Union member State or in a State that is a party to the European Economic Area Agreement that has signed a tax agreement with France that contains an administrative assistance clause with a view to combating tax fraud or tax evasion, provided, in the latter case, that the taxpayer instructs the paying agent in this respect, or, otherwise, (ii) by the taxpayer himself or herself.

However, individuals belonging to a tax household whose taxable income for the year before last, as defined in 1° of IV of Article 1417 of the FTC, is less than EUR50,000 for taxpayers who are single, divorced or widowed, or EUR75,000 for couples filing jointly, may request exemption from this withholding under the terms and conditions of Article 242-quater of the FTC, i.e. by providing to the paying agent no later than November 30 of the year preceding the year of the payment of the dividends a sworn statement that the reference fiscal income shown on the taxation notice (*avis d'imposition*) issued in respect of the second year preceding the year of payment was below the above-mentioned taxable income thresholds. However, taxpayers who acquire shares after the deadline for providing the aforementioned exemption request can, subject to certain conditions, provide such exemption request to the paying agent upon acquisition of such shares pursuant to paragraph 320 of the administrative guidelines BOI-RPPM-RCM-30-20-10-20140211.

When the paying agent is established outside France, only individuals belonging to a tax household whose taxable income of the year before last, as defined in 1° of IV of Article 1417 is equal or superior to the amounts mentioned in the previous paragraph are subject to this tax.

In addition, dividends paid by Holcim will be subject to social contributions at the aggregate rate of 15.5%, which is made up of:

- the *contribution sociale généralisée* (CSG) at the rate of 8.2%, of which a portion representing 5.1% of the dividends is deductible from the taxable income for the year of payment of the CSG;
- the social levy at the rate of 4.5%, not deductible from the personal income tax basis;
- the additional contribution to the social levy at the rate of 0.3%, not deductible from the personal income tax basis;
- the solidarity levy at the rate of 2%, not deductible from the personal income tax basis; and
- the *contribution pour le remboursement de la dette sociale* (CRDS) at the rate of 0.5%, not deductible from the personal income tax basis.

These social contributions are levied in the same way as the 21% non-discharging withholding tax described above.

Relevant shareholders should contact their usual tax advisor to determine the method by which this withholding tax will be credited against the amount of their income tax.

Capital gains

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

Such rebate currently amounts to (i) 50% of the net capital gains when the shares sold have been held for at least two (2) years and for less than eight (8) years as at the date of the sale, or (ii) 65% of the net capital gains when the shares sold have been held for at least eight (8) years as at the date of the sale. No rebate is applicable where the sale is realized during the first two (2) years of holding of the shares. For the purposes of the determination of the rebate applicable, as the case may be, to holders of Lafarge Shares (other than individuals holding their Lafarge Shares through a share savings plan (PEA)) who have tendered their Lafarge Shares to the Offer, the holding period is computed as from the acquisition date of the Lafarge shares tendered to the Offer in exchange for Holcim shares.

In addition, and with no rebate applicable, capital gains arising on the sale of Holcim Shares will also be subject to:

- the CSG at the rate of 8.2%, of which a portion representing 5.1% of the gain is tax deductible;
- the social levy at the rate of 4.5%, not deductible from the personal income tax basis;
- the additional contribution to the social levy at the rate of 0.3%, not deductible from the personal income tax basis;
- the solidarity levy at the rate of 2%, not deductible from the personal income tax basis; and
- the CRDS at the rate of 0.5%, not deductible from the personal income tax basis.

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

(b) *Wealth Tax* (*Impôt de Solidarité sur la Fortune – ISF*)

The Holcim Shares held by individuals fiscally domiciled in France will be included, if applicable, in their taxable assets subject to French wealth tax.

(c) Inheritance and Gift Taxes

Subject to double tax treaties, Holcim Shares acquired from individuals fiscally domiciled in France by way of inheritance or gift will generally be subject to inheritance or gift taxes in France.

Subject to double tax treaties, Holcim Shares acquired by individuals fiscally domiciled in France by way of inheritance or gift will generally be subject to inheritance or gift taxes in France, where the beneficiary has been fiscally resident in France for at least six years during the ten-year period preceding that in which the inheritance or the gift occurs.

Subject to double tax treaties, double taxation will be avoided by setting off against the French tax liability any inheritance or gift tax paid abroad in respect of Holcim Shares (article 784 A of the FTC).

(d) Legal Entities Subject to Corporate Income Tax under Standard Conditions

Dividends

The dividends paid by Holcim to holders who are legal entities subject to corporate income tax in France are subject to corporate income tax in France under the conditions described below.

The gross amount of the dividends received is included in the taxable income of such holders subject to corporate income tax at the standard rate of 33 1/3%, increased by (i) the social contribution of 3.3% (Article 235 ter ZC of the FTC), which is based on the amount of corporate tax reduced by a discount that cannot exceed EUR763,000 per twelve-month period and (ii) for companies with revenues above EUR250,000,000, an exceptional contribution of 10.7% (Article 235 ter ZAA of the FTC) based on the corporate tax as determined before the attribution of reductions, tax credits and tax receivables of any nature. Lower rates apply under certain conditions to small companies.

Under Article 25-A, 1 of the Treaty, the withholding tax levied in Switzerland on such dividends, if any, will not be deductible from the French taxable income of holders of Holcim Shares. However, such holders may claim a tax credit in respect of such withholding tax, if any, in accordance with article 25-A, 1(b) of the Treaty. The amount of this tax credit shall correspond to the amount of Swiss withholding tax levied on these dividends at the reduced Treaty rate, capped at the amount of French corporate income tax assessed on the dividends. No credit will be available for the portion of the withholding tax exceeding the 15% Treaty rate.

However, in accordance with the provisions of articles 145 and 216 of the FTC, legal entities which hold at least 5% of the share capital in Holcim, may benefit, under certain conditions and upon election, from the parent-subsidiary regime. According to such regime, dividends received by a parent company are not subject to corporate income tax, save for an amount representing 5% of the net dividends received (including the tax credit, if any) which remains taxable. No tax credit in respect of the Swiss withholding tax will be available for dividends eligible to the parent subsidiary regime.

Capital gains

Net capital gains and net capital losses realized upon the sale of Holcim Shares are in principle included in the taxable income subject to corporate income tax at the standard rate of 33 1/3%, increased, as the case may be, by the 3.3% social tax, and by the exceptional contribution at the current rate of 10.7%, under the conditions described hereinabove.

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

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

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

(iii) Other situations

Holders of Holcim Shares who are subject to a tax regime other than one of those described above should contact their usual tax advisor to get informed about the tax regime applicable to their own situation.

2.21.4 Grant of Free Shares by Way of Incorporation of Reserves

(*The following considerations are completing the Taxation considerations above with the specific tax treatment of the scrip dividend*)

(i) Swiss Taxation

(a) Swiss Withholding Tax (*Verrechnungssteuer*)

Neither the scrip dividend (which will be issued from Qualifying Reserves) nor the cash consideration for fractional Holcim Shares are subject to Swiss Withholding Tax.

(b) Foreign Final Withholding Tax (*Abgeltungssteuer*)

On 1 January 2013, treaties on final withholding taxes entered into force between Switzerland and the United Kingdom and Switzerland and Austria. Under the treaties, income and gains arising on investments held by individual UK or Austrian tax payers, as applicable, in accounts with a Swiss paying agent (as defined in the treaties; the term includes, inter alia, Swiss banks and other Swiss financial institutions) will be subject to a foreign final withholding tax at rates specified in the treaties, inter alia, on cash consideration for fractional Holcim Shares.

(c) Swiss Federal, Cantonal and Communal Individual Income Tax and Corporate Tax

(I) Non-Resident Shareholders

Shareholders who are not resident in Switzerland for tax purposes, and who, during the relevant taxation year, have not engaged in a trade or business carried on through a permanent establishment or fixed place of business situated in Switzerland for tax purposes (see below "Domestic Commercial Shareholders"), will not be subject to any Swiss federal, cantonal and communal income tax on the scrip dividend (see article 2.21.3 "Swiss Withholding Tax” for a summary of Swiss federal withholding tax on dividends and similar distributions, and 2.21.3 “Foreign Final Withholding Tax” for a summary on final withholding taxes in respect of shares held in Swiss accounts by non-resident shareholders).

(II) Resident Private Shareholders

An individual who is resident in Switzerland for tax purposes and holds Holcim Shares as part of his or her private assets (*Privatvermögen*) should realise a tax-free capital gain on the scrip dividend respectively the cash consideration for fractional Holcim Shares.

Swiss resident individuals holding Holcim Shares as business assets or qualifying as professional securities dealer (*Wertschriftenhändler*), as well as non-resident individuals holding the shares as part of a permanent establishment or a fixed place of business in Switzerland may be subject to federal, cantonal and communal income tax with respect to the script dividend if the scrip dividend is booked as asset or income.

(III) Domestic Commercial Shareholders

Corporate entities and individuals who hold Holcim Shares as part of a trade or business in Switzerland (the “**Domestic Commercial Shareholders**”), in the case of residents abroad, carried on through a permanent establishment or a fixed place of business in Switzerland, are required to recognize the cash consideration for fractional Holcim Shares (and potentially the scrip dividend, if it is booked in either the balance sheet or the profit and loss statement of a Domestic Commercial Shareholder) in their financial statements for the respective taxation period and are taxable on any net taxable profit for such period.

This taxation treatment also applies to Swiss-resident individuals who, for income tax purposes, are classified as "professional securities dealers" for reasons of, inter alia, frequent dealing and leveraged investments in securities.

Corporate taxpayers may be eligible for participation relief (*Beteiligungsabzug*) in respect of cash consideration for fractional Holcim Shares (and potentially the scrip dividend, if it is booked in either the balance sheet or the profit and loss statement of a Domestic Commercial Shareholder) if the Holcim Shares held by them as part of a Swiss business have an aggregate market value of at least CHF 1 million.

(ii) French Taxation

The grant of free LafargeHolcim shares to LafargeHolcim shareholders in the context of the share capital increase by way of incorporation of free reserves which is to take place after closing of the re-opened Offer, as approved by Holcim shareholder's meeting on 8 May 2015 (the "**Share Capital Increase by Way of Incorporation of Free Reserves**"), should not trigger any withholding tax in Switzerland.

French Resident Individuals Holding their LafargeHolcim Shares as Part of their Private Estate and Who Do Not Trade on the Markets on a Usual Basis

Pursuant to article 121 of the FTC, the grant of free LafargeHolcim shares to holders of LafargeHolcim shares in the context of the Share Capital Increase by Way of Incorporation of Free Reserves should neither constitute a taxable event for income tax purposes for holders of LafargeHolcim shares who are French resident individuals holding their LafargeHolcim shares as part of their private estate and who do not trade on the markets on a usual basis, nor give rise, consequently, to any levy or withholding tax in France.

However, the cash payment for fractional shares should be considered as a taxable capital gain as from the first euro in the conditions described under section 2.21.3 (ii)(a) (with no rebate for holding period).

For the purpose of the calculation of the capital gains realised upon the sale of the LafargeHolcim shares, the LafargeHolcim shares granted for free in the context of the Share Capital Increase by Way of Incorporation of Free Reserves will have a tax basis of zero.

Holders of Lafarge Shares willing to tender their Lafarge Shares to the Offer and holders of Holcim shares should contact their tax advisor to get informed about the tax regime applicable to their own situation.

Other Shareholders

Other holders of Lafarge Shares willing to tender their Lafarge Shares to the Offer and other holders of Holcim shares, in particular French resident legal entities subject to corporate income tax under standard conditions, should contact their tax advisor to get informed about the tax regime applicable to their own situation in their country of residence.

2.22 Proposed European Financial Transactions Tax

Prospective holders of the Holcim Shares should be aware that the European Commission has published a proposal for a Directive on a financial transactions tax (the European financial transactions tax, or the "**European FTT**") common to Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**").

The proposed European FTT has very broad scope and could, if introduced in its current draft form, apply to certain transactions involving Holcim Shares (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Holcim Shares where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

On 6 May 2014, a joint statement by ministers of the Participating Member States (excluding Slovenia) confirmed their commitment to the introduction of the European FTT, and noted the intention of the Participating Member States to work on a progressive implementation of the European FTT, focusing initially on the taxation of shares and some derivatives. The first steps would be implemented at the latest on 1 January 2016.

The proposed European FTT remains subject to negotiation between the Participating Member States. It could therefore be altered before its adoption. Other Member States may decide to participate.

The European FTT could increase the transaction costs associated with purchases and sales of the Holcim Shares and could reduce the liquidity of the market for such shares. Prospective holders of Holcim Shares are advised to seek their own professional advice in relation to the potential consequences of the European FTT.

3 Assessment of the Price of the Offer

The Offer initiated by Holcim relates to Lafarge Shares in the context of a merger of equals to create the most advanced group in the building materials industry. Following the decision of the Holcim Board of Directors not to pursue the execution of the Combination Agreement concluded on 7 July 2014 under the terms approved by the boards of directors of Holcim and Lafarge respectively and based on the negotiation and exclusivity agreement entered into on 6 April 2014 (the "**Negotiation and Exclusivity Agreement**"), the principles of the merger have been revised through an amendment to the combination agreement dated as of 20 March 2015 (the "**Amendment to the Combination Agreement**"). The principle of the merger of equals implies notably a balanced governance and leadership: a board of directors composed with 7 members from Holcim and 7 members from Lafarge, with Wolfgang Reitzle and Bruno Lafont as non-executive co-chairmen of the board, a management equally comprised of members from Holcim and Lafarge. On 9 April 2015, Lafarge and Holcim announced the appointment of Eric Olsen as future chief executive officer of LafargeHolcim. Furthermore, this agreement sets the principle of a dual listing on the SIX and on Euronext Paris, but also the principles of a balanced allocation of the corporate functions across Zurich (headquarter of the new entity) and Paris.

The Exchange Ratio proposed by the Offeror is nine Holcim Shares (ex-dividend 2014) for ten Lafarge Shares (ex-dividend 2014), with, subject to shareholder approval, a post-closing scrip dividend of 1 new LafargeHolcim share for each 20 existing LafargeHolcim shares.

The elements provided to appraise the Exchange Ratio have been prepared by Société Générale and UBS Securities, the presenting banks of the Offer on behalf of the Offeror. The analysis has been established on the basis of a multi-criteria analysis according to the commonly used valuation methodologies, taking into account the specificities of Holcim and Lafarge, their size and their activity. As a result, this section does not aim at providing an intrinsic valuation of Lafarge, but solely to assess the Exchange Ratio as regards to the multi-criteria analysis.

The analysis presented below has been produced based on the financial information published by the two companies or available through public databases. This information has not been subject to any independent verification by the presenting banks. 2014 financial statements disclosed by Holcim and Lafarge as of 18 and 23 February 2015 respectively have been used. Q1 2015 results published on 30 April 2015 both by Holcim and Lafarge have not been retained as the elements provided to appraise the Exchange Ratio have been presented as of 19 March 2015, the day prior to the publication of a joint press release relating to the Amendment to the Combination Agreement.

On 15 January 2015, the Swiss National Bank (the "**SNB**") decided to end its policy to set the Euro exchange rate with the Swiss Franc at or above 1.20, introduced in September 2011. As a consequence, the Swiss Franc appreciated immediately after the announcement before stabilising. As of 19 March 2015, the day prior to the publication of a joint press release relating to the Amendment to the Combination Agreement, the exchange rate was 1.054 Swiss Franc for 1 Euro. Assessment criteria are based on the foreign exchange rate as of 19 March 2015, excluding for historical elements published before the date of abandonment of the floor of the Swiss Franc against the Euro by the SNB which are adjusted to take into account the appreciation of the Swiss Franc against the Euro.

As of 2 February 2015, as part of their proposed combination, Holcim and Lafarge announced that they entered into exclusive negotiations further to a binding commitment made by CRH regarding the sale of certain Holcim and Lafarge assets with operations mainly in Europe, Canada, Brazil and the Philippines. All together, the assets being disposed generated estimated 2014 sales of EUR 5.2 billion, with an estimated 2014 operating EBITDA of EUR 744 million. On 19 March 2015, 99.99% of the CRH shareholders who voted at the EGM were in favour of the acquisition of these assets.

These divestments are subject to the completion of the proposed combination, including the approval by Holcim's shareholders and the success of the Offer in the second and third quarters of 2015. The perimeter and financials selected for the elements provided to appraise the Exchange Ratio have not been specifically adjusted for these disposals.

3.1 Financials / preliminary data

3.1.1 Financials

Medium term business plans over 2015-2017 were communicated to the presenting banks on 4 April 2015. These business plans were prepared independently and separately by the respective management teams of Holcim and Lafarge, at two different dates (in December 2014 for the business plan of Holcim and in February 2015 for the business plan of Lafarge). Some of the assumptions (both macro-economic and company specific) underpinning these business plans would need to be adjusted in the frame of the assessment of the Exchange Ratio as of the reference date given the significant variations observed over this period. Holcim’s business plan (defined in Swiss franc) is based on forex assumptions prior the SNB decision as of 15 January 2015 to abandon the exchange rate target of 1.20 Swiss franc for 1 Euro and would therefore need to be adjusted to take into account the substantial evolution observed on the exchange rates between the Swiss franc and the other currencies, following this decision. In addition, this business plan has been defined prior the release of the 2014 full year financial results. An adjustment to take into account the actual performance could therefore also be contemplated. Regarding Lafarge’s business plan, the restructuring costs whose amount has not been communicated by the company, represent an identified source of adjustment on the operational aggregates of the group. Given the difficulty for the presenting banks to assess such adjustments, it has been decided for both groups to use the 2014 audited consolidated financial statements as well as the consensus of equity research analysts.

As a result, 2014 financial statements disclosed by Holcim and Lafarge as of 18 and 23 February 2015 respectively have been used. Consensus selected for the 2015-2017 period are based on FactSet Research’s consensus including forecasts from analysts who published reports after the last publication of Holcim and Lafarge results. As a matter of fact, the consensus selected for Holcim only includes analysts taking into account the abandonment of the floor of the Swiss Franc against the Euro by the SNB (on 15 January 2015).

In addition, for consistency purposes between Holcim and Lafarge, Lafarge's restructuring costs – considered as recurring items by the analysts, therefore forecasted as such, but not included in EBITDA and EBIT calculations in Lafarge statements – have been restated within Lafarge EBITDA and EBIT in the analysis presented thereafter. For a given year, the amount of the restructuring costs corresponds to the average of the forecasts based on a selection of research analysts explicitly forecasting these costs.

Finally, the analysis has been based on the standalone perimeter for both companies, i.e. before the impact of the combination. In this respect, the impact of the subsequent disposals or the potential synergies related to the merger has not been taken into account. In addition, these potential synergies would result from the combination of both businesses with no possible allocation ex-ante between each group and they would only materialize post-closing and only if the transaction is successful.

- Consensus used for Holcim

Holcim - in CHFm as of 31-Dec	Sales			EBITDA		
	15E	16E	17E	15E	16E	17E
Metrics	19,277	20,646	21,895	3,958	4,437	4,865
Growth/Margin		*7.1%*	*6.0%*	*20.5%*	*21.5%*	*22.2%*
Exchange rate CHF to EUR	*0.949*	*0.949*	*0.949*	*0.949*	*0.949*	*0.949*

Holcim - in EURm as of 31-Dec	Sales			EBITDA		
	15E	16E	17E	15E	16E	17E
Metrics	18,286	19,585	20,770	3,755	4,209	4,615
Growth/Margin		*7.1%*	*6.0%*	*20.5%*	*21.5%*	*22.2%*

Source: Company, Factset as of 19 March 2015

Note: Swiss Franc to Euro exchange rate of 0.949 as of 19 March 2015 (source : Datastream)

- Consensus used for Lafarge

Lafarge - in EURm as of 31-Dec	Sales			EBITDA		
	15E	16E	17E	15E	16E	17E
Metrics	13,849	14,764	15,734	2,890	3,251	3,557
Growth/Margin		*6.6%*	*6.6%*	*20.9%*	*22.0%*	*22.6%*

Source: Company, Factset as of 19 March 2015

Note: FactSet consensus for EBITDA before restructuring costs is €3,025m in 2015E, €3,368m in 2016E and €3,674m in 2017E

3.1.2 Enterprise value to equity value bridge

Adjustments from enterprise value to equity value retained as of 19 March 2015 are based on the publicly available financial statements as of 31 December 2014.

In addition to gross financial debt (retained at market value) adjusted for cash and cash equivalents (net financial debt), items for the bridge from enterprise value to equity value include the following other non-operating balance sheet items: minority interests (retained at market value for listed entities), post-tax pension provisions (the statutory tax rate has been retained for this adjustment), associates (retained at market value for listed entities) and other financial assets and specific provisions (mainly site restoration and other environmental provisions).

Before calculating the ratio between a given price per share translated into Euro for Holcim and a given price per share – by definition – in Euro for Lafarge, the reported net financial debt of Holcim should be adjusted for the evolution of the exchange rate between the reporting date and the calculation date. This adjustment was made using the net financial debt sensitivity analysis related to foreign exchange rate provided in Holcim Annual Report (page 148 of Holcim's 2014 Annual Report).

Such adjustment is particularly noticeable for Holcim given the significant evolution of the CHF exchange rate with other currencies (especially euro following the change of the Swiss National Bank policy in January 2015). Based on the closing of exchange rate as of 19 March 2015; the retained retreatment corresponds to a negative CHF297 million adjustment to the net financial debt reported by Holcim.

The payment of a dividend in respect of financial year 2014 was not included in the following calculations for Holcim and Lafarge.

- Holcim

	CHFm	*Exchange rate CHF to EUR*	EURm
Adjusted net financial debt as of 31 December 2014:	10,330	*0.949*	9,799
Minority interests:	7,184	*0.949*	6,814
Post-tax pension provisions:	598	*0.949*	567
Associates and other financial assets:	(3,377)	*0.949*	(3,204)
Other adjustments (provisions):	742	*0.949*	704
Adjusted Net Debt / (Cash) of:	**15,477**	***0.949***	**14,681**

Note: Swiss Franc to Euro exchange rate of 0.949 as of 19 March 2015 (Source: Datastream)
Note: Net financial debt published by Holcim as of 31 December 2014 is CHF9,644m. Adjusted net financial debt as of 31 December 2014 includes the adjustment of CHF297m related to the impact of the appreciation of the Swiss Franc against the Euro. Bonds are retained at market value, CHF983m above their book value (Source: Bloomberg)

- Lafarge

	EURm
Adjusted net financial debt as of 31 December 2014:	10,667
Minority interests:	2,935
Post-tax pension provisions:	914
Associates and other financial assets:	(5,253)
Other adjustments (provisions):	201
Adjusted Net Debt / (Cash) of:	**9,465**

Source: Company
Note: Net financial debt published by Lafarge as of 31 December 2014 is €9,310m. It includes derivatives instruments assets and liabilities (€145m) included in "other financials assets/liabilities" in the adjusted net financial debt above. Bonds are retained at market value, €1,212m above their book value (Source: Bloomberg)

3.1.3 Numbers of shares retained

(i) Methodology

Numbers of Holcim and Lafarge shares retained correspond to the total number of shares issued, as communicated by Holcim and Lafarge, decreased by the number of treasury shares and increased by the number of shares to be issued by the exercise of share subscription options in the money calculated according to the “treasury stock method” on the basis of a reference price per share, based on the closing as of the day prior to the publication of a joint press release relating to the Amendment to the Combination Agreement.

Numbers of shares retained are based on the latest financial statements published by the two companies.

(ii) Numbers of Holcim and Lafarge shares retained

	As of 19 March 2015	
	Holcim	Lafarge
Total number of shares issued:	327,086,376	287,876,347
Treasury shares:	(1,219,339)	(70,538)
Impact of dilutive instruments* :	168,100	1,885,516
Number of shares retained:	**326,035,137**	**289,691,325**

*Shares to be issued by the exercise of share subscription options on the basis of the reference price as of 19 March 2015

3.2 Selected Methodologies for the elements provided to appraise the Exchange Ratio

The Exchange Ratio was assessed through a multi-criteria analysis based on the following valuation methods:

- Analysis of historical share prices;
- Analysis of analysts target prices;
- Analysis of trading comparables.

The selected methodologies were applied as of 19 March 2015, closing of the day prior to the publication of the Amendment to the Combination Agreement. However, the share prices of Holcim and Lafarge are no more independent since the statement confirming the proposed combination (the **"Confirmation Statement"**) on 4 April 2014. In this context, the Exchange Ratio was also analysed with references to historical share prices prior to the Confirmation Statement.

3.2.1 Analysis of historical share prices

Holcim shares are listed on the SIX (ISIN code: CH0012214059). They are classified within the Main Standard of the SIX. Moreover, the company has a non-sponsored American Depositary Receipts program.

Lafarge Shares are listed on Euronext Paris (ISIN code: FR0000120537). Moreover, following its delisting from the New York Stock Exchange, the company maintained a sponsored American Depositary Receipts program, and the ADRs continue to be traded on the OTC market (Level 1 program).

These stocks are part of the main indices of their respective markets (SMI for Holcim and CAC40 for Lafarge). They are covered by a large number of equity research analysts and are furthermore traded in significant volumes. Over the 12 months before the 19 March 2015, the total volume of Holcim shares traded on the SIX represented 99% of Holcim's capital and 144% of its free float (according to SIX definition); the total volume of Lafarge shares traded on the Euronext Paris represented 66% of Lafarge's capital and 114% of its free float (according to Euronext Paris definition).

On 19 March 2015, the market capitalisation of Holcim amounted to EUR23.4 billion and the market capitalisation of Lafarge amounted to EUR18.0 billion.

The Exchange Ratio was assessed on the back of historical share price evolution prior to the Confirmation Statement. Since 4 April 2014, the share prices of Holcim and Lafarge have been strongly correlated, thus reflecting the market expectation of the closing of the merger and not standalone values for the two groups anymore. It can be observed that the coefficient of correlation(1) between the two share prices was 0.96 between 4 April 2014 and 27 February 2015 (closing date prior to the first rumours(2) of a potential revision of the exchange ratio), while it was 0.22 during the last twelve months prior to 4 April 2014. Furthermore, the first rumours of a potential revision of the Exchange Ratio have led to a progressive decorrelation of the share prices of Holcim and Lafarge since 27 February 2015 and until the date of the publication of a joint press release relating to the Amendment to the Combination Agreement. Therefore, given this progressive evolution, the presenting banks have also retained the closing date as of 19 March 2015 to analyse the Exchange Ratio. This date corresponds to the day prior to the publication of a joint press release relating to the Amendment to the Combination Agreement.

Moreover, since 4 April 2014, the implied exchange ratio based on share prices has been strongly in line with the one Holcim Share for one Lafarge Share Exchange Ratio which prevailed until 27 February 2015. In this respect, the analysis of the implied exchange ratio based on share prices reflects mechanically a discount when compared to the nine Holcim Shares for ten Lafarge Shares Exchange Ratio that was renegotiated in favour of Holcim.

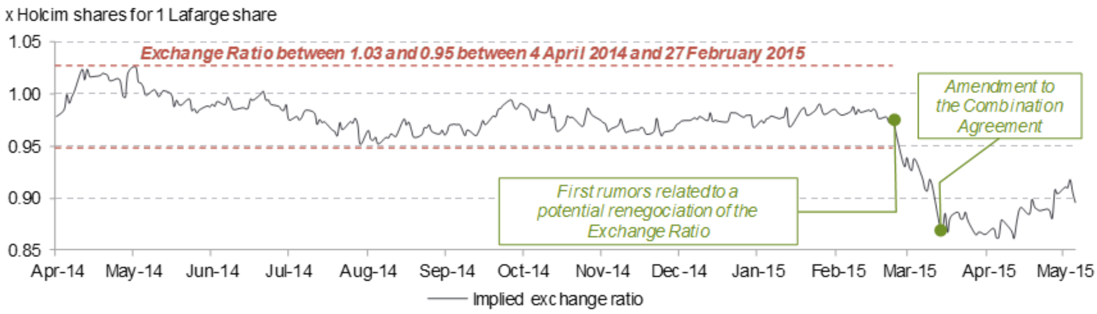
Reference	Holcim Share price (CHF)	*Exchange rate* CHF to EUR*	Holcim Share price (EUR)	Lafarge Share price (CHF)	Resulting Exchange Ratio	Resulting Premium / (Discount)**
As of 3 April 2014 (day prior to the Confirmation Statement release)						
Spot price as of 3 April 2014:	75.1	*0.818*	61.4	58.9	0.96	(6.1%)
Volume-weighted average price over 1 month:	72.0	*0.821*	59.1	55.4	0.94	(4.0%)
Volume-weighted average price over 3 months:	69.7	*0.818*	57.0	54.4	0.95	(5.7%)
Volume-weighted average price over 6 months:	68.1	*0.816*	55.5	53.1	0.96	(5.9%)
Volume-weighted average price over 12 months:	68.7	*0.814*	55.9	51.1	0.91	(1.6%)
Low (12 Months):	63.2	*0.813*	51.4	45.5	0.89	1.6%
High (12 Months):	78.4	*0.803*	63.0	58.9	0.93	(3.7%)
As of 19 March 2015 (the day prior to the release of the Amendment to the Combination Agreement)						
Spot price as of 19 March 2015:	75.8	*0.949*	71.9	62.3	0.87	3.9%

Source: Datastream
Note: Historical averages are based on calendar days. Holcim share price was converted to Euro using daily exchange rates (Source: Datastream)
* Implied CHF to EUR exchange rate
** Based on the Exchange Ratio of nine (9) Holcim Shares for ten (10) Lafarge Shares

(1) Correlation coefficient is based on daily comparison of the share prices of Holcim and Lafarge in EUR

(2) The first rumours refer to the strong decrease of the implied exchange ratio

The graph below shows the evolution of the exchange ratio since 4 April 2014, the day of the Confirmation Statement:



3.2.2 Analysis of analysts target prices

Holcim and Lafarge are covered by a large number of equity research analysts. Holcim and Lafarge are regularly followed by 34 and 28 equity research analysts respectively, of which 27 are common to both of them.

These research analysts periodically publish recommendations and indicative valuations of the two companies. For the analysis, only equity research analysts who have published research reports on both companies after the last publication of their respective earnings results (18 February 2015 for Lafarge and 23 February 2015 for Holcim) have been selected in order to ensure a consistent approach by taking into account the latest results of the two companies.

Also, following the Negotiation and Exclusivity Agreement, some analysts have based their target prices for Holcim and Lafarge on the exchange ratio of one (1) Holcim share for one (1) Lafarge share announced on 7 April 2014. These analysts were not included in the analysis, but presented for information, in order to only consider the analysts carrying out independent analysis of both companies.

The table below presents the target prices as of 19 March 2015, published by the research analysts common to both companies after release of the 2014 financial results and whose analysis is based on independent company valuation not taking into account the Exchange Ratio announced in the Negotiation and Exclusivity Agreement:

		Target prices - Holcim			Target prices - Lafarge		Exchange	Premium /
Analysts	Retained	Date	CHF	EUR	Date	EUR	Ratio	(Discount)
AlphaValue	✓	19-Mar-15	68.2	64.7	19-Mar-15	66.3	1.02	(12.2%)
Oddo & Cie	✓	19-Mar-15	91.0	86.3	19-Mar-15	75.0	0.87	3.6%
Sanford C. Bernstein & Co	✓	18-Mar-15	68.0	64.2	18-Mar-15	55.0	0.86	5.1%
Kepler Chevreux	✓	17-Mar-15	76.0	71.4	17-Mar-15	73.0	1.02	(12.0%)
Exane BNP Paribas	×	17-Mar-15	77.0	72.3	17-Mar-15	67.0	0.93	(2.9%)
Raymond James	×	16-Mar-15	89.0	83.5	16-Mar-15	75.0	0.90	0.2%
Baader-Helvea	✓	16-Mar-15	75.0	70.4	16-Mar-15	60.0	0.85	5.6%
MainFirst Bank	✓	16-Mar-15	82.0	77.0	16-Mar-15	60.0	0.78	15.4%
Berenberg	✓	16-Mar-15	73.0	68.5	16-Mar-15	64.0	0.93	(3.6%)
Jefferies	×	11-Mar-15	82.0	77.0	11-Mar-15	79.0	1.03	(12.3%)
UBS	×	6-Mar-15	73.0	68.3	6-Mar-15	68.0	1.00	(9.6%)
Equita SIM	×	26-Feb-15	81.5	76.2	2-Mar-15	76.0	1.00	(9.7%)
CM - CIC Securities	×	23-Feb-15	76.8	71.4	18-Mar-15	72.6	1.02	(11.5%)
Deutsche Bank	✓	23-Feb-15	81.0	75.3	16-Mar-15	75.0	1.00	(9.7%)
Aurel - BGC	✓	23-Feb-15	80.0	74.4	16-Mar-15	75.0	1.01	(10.8%)
Average target prices retained*			**77.1**	**72.5**		**67.0**	**0.93**	**(2.7%)**
Global average of target prices			**78.2**	**73.4**		**69.4**	**0.95**	**(4.8%)**

Source: Bloomberg
Note: Swiss Franc / Euro exchange rate at the date of publication of equity research notes
* Selected target prices in grey highlight analysts using an independent methodology to value Holcim and Lafarge

The Exchange Ratio represents a (2.7%) discount on the exchange ratio implied by this approach.

For information, based on the average of all brokers' target prices published following annual results publication of both companies, the Exchange Ratio represents a (4.8%) discount on the exchange ratio implied by this approach.

3.2.3 Analysis of trading comparables

This approach consists in applying to Holcim's and Lafarge's metrics, the multiples observed for the comparable peers of Holcim and Lafarge in terms of their activity, markets and size.This methodology has been selected given the existence of a sufficient number of comparable peers although there are some differences in terms of business model, positioning and size.

We have retained EBITDA as the most relevant metric given that it limits the impact of distortions arising from different depreciation policies between the companies in the sample. We have applied to Holcim and Lafarge EBITDA forecasts the multiples of the comparable companies related to the same periods. For this analysis, it has been decided to apply the multiples related to current year (2015) and following year (2016).

We have adjusted the EBITDA for both Holcim and Lafarge by removing the contribution held by minority shareholders in the main listed subsidiaries (ACC Limited and Ambuja Cement for Holcim and Lafarge Malaysia Berhad and Lafarge Africa Plc. for Lafarge) from consolidated EBITDA in order to obtain a proportional EBITDA. Enteprise value to equity value bridges have been adjusted accordingly.

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

- HeidelbergCement: Leading German cement producer with a presence in 40 countries. The group also operates in the aggregate segment. The company generated in 2014 sales of EUR12,614 million mainly in Europe for 33% and in North America for 26%. 2014 EBITDA margin was 18.1%;
- Italcementi: Fifth largest global cement producer and largest player in the Mediterranean area. The group mainly operates in the European market, with Ciments Français being the main subsidiary, as well as in emerging Europe and Africa. The company generated EUR4,156 million of sales in 2014, with an EBITDA margin of 15.5%;
- Buzzi Unicem: Specialised player in cement and cement derivatives, ready-mix concrete and expanded clay aggregate. In 2013, the company sold 27.4 million tons of cement and 13 million cubic meters of ready-mix concrete, generating sales of EUR2,759 million. 26% of the company's sales were generated in North America, 22% in Germany, 16% in Italy and 18% in the rest of Europe. EBITDA margin reached 16.7% in 2013;
- Titan Cement: Specialised player in cement and cement derivatives headquartered in Greece. 2014 sales amounted to EUR1,158 million mainly generated in North America with 39% of total revenue, 17% in Turkey and Egypt, 26% in Greece and Western Europe and 17% in South-Eastern Europe. 2014 EBITDA margin was 15.3%;
- Vicat: Cement player with strong research and development activities. While mastering the manufacturing process, the company is specialised in construction works requiring highly technical cements. The company generated revenues of EUR2,423 million in 2014 mainly in France (35% of revenues), Kazakhstan, India and Turkey with 22%, and 17% in Europe. 2014 EBITDA margin reached 18.2%;
- Cemex: Major player in building materials (cement, ready-mix concrete and aggregates), with a presence in more than 50 countries across 55 cement plants and minority stakes in 12 other cement plants. The company generated sales of EUR12,927 million in 2014 mainly in Mexico (20% of revenues), USA (23%), Europe (28%), South and Central America and Caribbean (13%), as well as Africa, Asia and the Middle East (16%). 2014 EBITDA margin reached 17.4%.

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

Market multiples used to value Holcim and Lafarge are the ratios of enterprise value to EBITDA (EV / EBITDA). The applied values correspond to the average of the comparable companies multiples. As of 19 March 2015, retained comparable multiples are the following:

Peer group	Market Capitalisation (€m)	Enterprise Value (€m)	EBITDA multiple	
			2015E	2016E
HeidelbergCement	13,655	21,585	8.3x	7.7x
Italcementi	2,513	5,467	7.9x	6.9x
Buzzi Unicem	2,536	3,444	7.8x	6.8x
Titan Cement	1,588	2,228	9.2x	7.6x
Vicat	2,877	4,226	8.4x	7.4x
Cemex	12,694	26,894	9.7x	8.3x
Average multiple			**8.5x**	**7.5x**

The Exchange Ratio represents a 0.6% premium on the 2015-2016 average exchange ratio implied by this approach.

The application of the multiples based on earnings per share ("**Price Earnings Ratio**") has been excluded since the net earnings are impacted by the differences between the amortisation policies, financial indebtedness structures and corporate tax rates between Holcim and Lafarge. Furthermore, the net earnings include the contribution from associates, accounted under the equity method, which again present different profiles for Holcim and for Lafarge. Finally, the net earnings include non-recurring items, such as the impacts of divestments and restructuring costs.

3.3 References presented for information purposes

3.3.1 Discounted cash flow analysis

This approach consists in discounting future free cash flows generated by each company, taking into account their medium to long term performances. This methodology implies modelling and discounting all future cash flows available to the shareholders and debt holders of each company.

This approach was retained for illustrative purposes for two main reasons. Cash flow forecasts are based on equity research analyst consensus and therefore do not necessarily reflect long term cash flows as perceived by Holcim and Lafarge. In addition, the horizon of these forecasts is limited to three years.

The discounted cash flow analysis has been implemented based on Holcim and Lafarge FactSet consensus:

- Modelling of the future cash flows available before financial expenses:
    - FactSet consensus provides forecasts for the years 2015 to 2017;
    - Normative year in 2018, based on assumptions in line with the final year of forecasts.
- These cash flows are discounted at the weighted average cost of capital (also called WACC thereafter) and respecting the mid-year cash flow discounting convention.
- Deduction of the adjusted net debt (see section "3.1.2. Enterprise value to equity value bridge") as of the date of the beginning of the forecast period to derive the equity value as of 1 January 2015.

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

- Perpetuity growth rate of 2% for both companies;
- EBITDA margin in line with the three-year average of the consensus for Holcim (21.4%) and Lafarge (22.7%);

- Sustaining capital expenditures representing 3.9% of sales for Holcim and 2.8% for Lafarge in line with the 2014 level as a percentage of sales;
- Flat change in net working capital as a percentage of change in sales for both companies in line with the last year of the consensus;
- The presenting banks have also assumed that the depreciation level tends towards 100% of normative capital expenditure.

The cash flows have been discounted as of 1 January 2015, using a WACC of 7.8% for Holcim and 8.4% for Lafarge.

The Exchange Ratio represents a premium of 7.6% compared to the exchange ratio implied by this methodology.

3.3.2 Reference to the Negotiation and Exclusivity Agreement announced on 7 April 2014

The Negotiation and Exclusivity Agreement of 7 April 2014 was based on an exchange ratio of one (1) Holcim share for one (1) Lafarge share, on the back of analyses derived from the consensus selected and exchanged at the time by Holcim and Lafarge as part of the preparation for the proposed merger between the two companies.

On 20 March 2015, the parties have agreed on a new exchange ratio of nine Holcim shares for ten Lafarge shares.

3.4 Excluded methodologies

3.4.1 Comparable transaction multiples approach

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

This methodology usually encompasses issues in the selection of relevant transactions:

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

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

3.4.2 Net asset value approach

Net asset value has not been retained as relevant approach in assessing the proposed exchange ratio: this reference, based on a historic value of assets and liabilities, is not relevant as it does not take into account either the actual value of the intangible assets of the two companies (market shares, client relationships, brand image, know-how, etc.) or the future performance of the group. For information, the net asset values of Holcim and Lafarge as of 31 December 2014 were respectively EUR16,534 million, corresponding to EUR50.71 per Holcim share, and EUR15,453 million, corresponding to EUR53.34 per Lafarge share.

3.4.3 Adjusted net asset value approach

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

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

3.4.4 Dividend discount model approach

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

As the policies related to the payment of dividends differed in the past between the two companies, this method has been excluded.

3.5 Summary of the elements provided to appraise the Exchange Ratio

Criteria	Holcim implied share price (EUR)	Lafarge implied share price (EUR)	Resulting Exchange Ratio	Resulting Premium / (Discount)
Share price - as of 3 April 2014				
Spot price as of 3 April 2014	61.4	58.9	0.96	(6.1%)
1-month VWAP	59.1	55.4	0.94	(4.0%)
3-month VWAP	57.0	54.4	0.95	(5.7%)
6-month VWAP	55.5	53.1	0.96	(5.9%)
12-month VWAP	55.9	51.1	0.91	(1.6%)
12-month low - in EUR	51.4	45.5	0.89	1.6%
12-month high - in EUR	63.0	58.9	0.93	(3.7%)
Share price - as of 19 March 2015				
Spot price as of 19 March 2015	71.9	62.3	0.87	3.9%
Analysts' target price - as of 19 March 2015				
Analysts' target price post Annual Results	72.5	67.0	0.93	(2.7%)
Trading comparables - as of 19 March 2015				
Average EV / EBITDA 15E-16E	58.4	52.2	0.89	0.6%

4 Information Relating to Holcim Made Available to the Public

In accordance with the provisions of article 231-28 of the AMF General Regulations, information relating in particular to the legal, financial and accounting aspects of Holcim will be the subject of a special document filed with the AMF and made available to the public according to applicable terms in order to ensure effective and comprehensive distribution, no later than the day preceding the opening of the Offer.

5 Persons Responsible for the Offer Document

5.1 Persons Responsible for the Information Pertaining to the Presenting Banks

"*In accordance with article 231-18 of the AMF General Regulations, Société Générale and UBS Securities, presenting banks of the Offer, attest that, as far as they are aware, the presentation of the Offer which they have examined on the basis of the information provided by Holcim and the valuation elements of the proposed price are realistic and do not include an omission liable to distort the content thereof.*"

Société Générale | UBS Securities

5.2 Persons Responsible for the Information Pertaining to Holcim

"*As far as we are aware, the information presented in the offer document is realistic and does not include any omission liable to distort the content thereof.*"

Bernard Fontana | Thomas Aebischer

Chief Executive Officer | Chief Financial Officer

ANNEX B

FREE ENGLISH TRANSLATION OF HOLCIM'S 2014 REGISTRATION DOCUMENT (*DOCUMENT DE BASE*)

The following is a free English translation of Holcim's 2014 Registration Document (*Document de Base),* except for the reference to the completion letters (*lettres de fin de travaux*) of Holcim's and Lafarge's respective statutory auditors in the Attestations by the Persons Responsible for the Holcim 2014 Registration Base Document on page 1 thereof (the "Excluded Holcim Registration Document Section").

Investors should not make an investment decision based on any information contained in the Excluded Holcim Registration Document Section. Any reference in this U.S. Private Placement Memorandum to the Offer Documents or the Holcim 2014 Registration Document shall be deemed to exclude the Excluded Holcim Registration Document Section.

This document is a translation of the original French language version and is provided for information purposes only. In all matters of interpretation of information, views or opinions expressed therein, the original French language version takes precedence over this translation.

Holcim Ltd

A company limited by shares incorporated and organized under the laws of Switzerland
with a share capital of CHF654,172,752 divided into 327,086,376 registered shares with a nominal value of CHF2.00 each
and with registered offices at Zürcherstrasse 156, 8645 Jona, Switzerland

Registration Document

Pursuant to its General Regulations, in particular article 212-23, the Autorité des marchés financiers (AMF) has registered this Registration Document on May 11, 2015 under number I.15-034. This Registration Document can be used for the purpose of a financial operation only if it is completed by a Securities Note that has received the visa of the AMF. It has been drafted by Holcim Ltd and Lafarge S.A., whose respective signatories are taking responsibility for it.

The registration, as per the provisions of article L. 621-8-1-I of the Monetary and Financial Code, was received after the AMF has verified that the document is complete and comprehensible and that the information it contains are coherent. This does not entail the certification of the accounting and financial data presented.

Copies of this Registration Document and any supplement hereto may be obtained free of charge from Holcim Ltd's registered office (Zürcherstrasse 156, 8645 Jona, Switzerland) and can be downloaded from Holcim's website (www.holcim.com). Copies of this Registration Document may be obtained free of charge from Lafarge's registered office (61, rue des Belles Feuilles, 75116 Paris, France) and can be downloaded from Lafarge's website (www.lafarge.com) and from the AMF's website (www.amf-france.org).

This Registration Document has been prepared by Holcim Ltd together with:

Lafarge S.A.

PRELIMINARY NOTE

On April 7, 2014, Holcim and Lafarge announced their intention to combine the two companies through a merger of equals (the "**Merger**") to be effected by way of a public exchange offer with an exchange ratio which was initially one registered share of Holcim for one Lafarge share. The Merger has been unanimously approved by their respective Board of Directors and supported by the anchor shareholders of both companies, Schweizerische Cement-Industrie-Aktiengesellschaft, Groupe Bruxelles Lambert and NNS Holding S.à.r.l, in the undertaking agreements dated April 6, 2014. On March 20, 2015, the Boards of Directors of Holcim and Lafarge reached an agreement to amend certain terms of the Merger, including the exchange ratio which has been modified to nine registered shares of Holcim for every ten Lafarge Shares (as defined below). The anchor shareholders of both companies confirmed their undertakings in confirmation undertaking agreements dated March 19, 2015. The Combination Agreement entered into between Holcim Ltd and Lafarge S.A. on July 7, 2014 and amended on March 20, 2015 (the "**Combination Agreement**") provides that Holcim Ltd shall initiate a public exchange offer with an exchange ratio of nine registered shares of Holcim for every ten Lafarge Shares (the "**Exchange Offer**").

The Exchange Offer is subject to the conditions (i) that Lafarge Shares, together with the Lafarge Shares held by Lafarge or its affiliates, representing at least two-thirds (2/3) of the share capital or voting rights of Lafarge (taking into account the loss of double voting rights of Lafarge Shares tendered to the Exchange Offer) as of the end date of the Exchange Offer acceptance period, be tendered to the Exchange Offer and (ii) of approval of the issuance of the Holcim Shares (as defined below) by the Holcim shareholders, and the subsequent registration of the amended Articles of Association of Holcim and all such Holcim Shares to be issued as consideration for the Lafarge Shares tendered to the Exchange Offer, with the commercial register of St. Gallen.

On May 8, 2015, Holcim Shareholders' Meeting approved all the resolutions submitted to it, including the resolutions on the capital increase required for the Exchange Offer, the change of the corporate name of Holcim Ltd to LafargeHolcim Ltd, the appointment of new members of the Board of Directors (see Section 2.5.2 of Part I), as well as the resolutions on the maximum amount of compensation for the members of the Board of Directors and of the Executive Management (see Section 2.5.9 of Part I). All resolutions are subject to the successful closing of the Exchange Offer.

As Swiss law only allows for an ordinary capital increase to be carried out by Holcim's Board of Directors within three months from the date of the respective Shareholders' Meeting at the latest, if the closing of the Exchange Offer does not occur before August 8, 2015, a new Shareholders' Meeting shall be convened to resolve on a new share capital increase for the issuance of the Holcim Shares.

Holcim and Lafarge will divest (the "**Divestiture**"), subject to certain conditions, certain entities and businesses as part of a rebalancing of the global portfolio of the Combined Group resulting from the Merger and to address regulatory concerns. All competition approvals required prior to the closing of the transaction have been obtained. The Divestiture will be as soon as practicable after the conditions precedent are satisfied, which is currently expected to occur in July 2015. Both companies will continue to cooperate with the relevant authorities to satisfy regulatory requirements. Please see Section 2.6 of Part I for more information on the Divestiture.

In accordance with articles 237-14 et seq. of the AMF General Regulations, Holcim reserves its right to request the AMF that a squeeze-out be implemented within three (3) months from the end of the Exchange Offer acceptance period for the Lafarge Shares not tendered to the Exchange Offer or the re-opened Exchange Offer, if such Lafarge Shares do not represent more than 5 per cent. of the share capital or the voting rights of Lafarge. In such case, the squeeze-out would be subject to the control of the AMF which would assess its conformity, in particular with respect to the valuation of the Lafarge Shares provided by Holcim and to the report by the independent expert appointed pursuant to the provisions of article 261-1 II of the AMF General Regulations. In such a case, Holcim intends to offer to the shareholders of Lafarge, as consideration under the squeeze-out, an alternative in cash or in shares, the consideration in shares being equal to the terms and conditions of the Exchange

Offer. The shareholders of Lafarge who would not have expressed themselves or would not have expressly indicated their choice in a time period which would be further determined under the control of the AMF would be considered as having chosen the cash consideration.

Holcim reserves its right, in the event it would hold, directly or indirectly, at least 95 per cent. of the voting rights of Lafarge and if a squeeze-out is not implemented under the conditions described above, to file with the AMF a draft buyout offer, followed by a squeeze-out transaction (pursuant to article 236-3 of the AMF General Regulations) targeting the Lafarge Shares which would not be directly or indirectly held by Holcim (except the treasury shares). In such case, the buyout would be subject to the control of the AMF which would assess its conformity, in particular with respect to the valuation of the Lafarge Shares provided by Holcim and to the report by the independent expert appointed pursuant to the provisions of article 261-1 II of the AMF General Regulations.

In addition, Holcim reserves its right, in the event it could not implement a squeeze-out at the time of the closing of the Exchange Offer, to request that Euronext Paris delist the Lafarge Shares from the Euronext Paris market, subject to Euronext Paris market rules.

If more or less than 95 per cent. of the share capital or voting rights of Lafarge shall have been acquired by Holcim in the context of the Exchange Offer, Holcim reserves the right to contribute assets to, merge certain of its subsidiaries with, or undertake other reorganizations of, Lafarge. There is currently no intention to effect a statutory merger of Holcim and Lafarge after the closing of the Exchange Offer.

Pursuant to the Combination Agreement, Holcim and Lafarge shall pay a break-up fee of EUR 350,000,000 to each other under the following conditions:

- a break-up fee shall be payable by Lafarge to Holcim in case of (i) a third party announces an offer to Lafarge relating to an alternative transaction (a) resulting in a change of the Lafarge Board of Directors' recommendation or support in respect of the Exchange Offer or (b) followed by a failure of the Exchange Offer (whether or not filed) and the execution of an alternative transaction agreement, or the approval or recommendation by Lafarge of an alternative transaction to the Lafarge shareholders, within nine (9) months after termination of the Combination Agreement, (ii) a failure to provide a required recommendation of the Lafarge Board of Directors or a change in the Lafarge Board of Directors' recommendation or support, (iii) a recommendation of an alternative transaction by the Lafarge Board of Directors, or (iv) any action taken by Lafarge to frustrate the Exchange Offer.

- a break-up fee shall be payable by Holcim to Lafarge in case of (i) (a) a third party offer to Holcim relating to an alternative transaction resulting in a support to such alternative transaction or change of the Holcim Board of Directors' recommendation and (b) a termination of the Combination Agreement by Lafarge pursuant to condition (a) above or a termination either by Holcim or Lafarge if the shareholders' resolutions at the relevant Holcim general meetings required to complete the Exchange Offer are not approved, (ii) a third party offer to Holcim relating to an alternative transaction resulting in the Holcim general meeting failing to take a required shareholders' resolution, and the execution of an alternative transaction agreement, or the approval or recommendation by Holcim of an alternative transaction to the Holcim shareholders, within nine (9) months after termination of the Combination Agreement, (iii) a failure to provide a required recommendation of the Holcim Board of Directors or a change in the Holcim Board of Directors' recommendation or support, (iv) a recommendation of an alternative transaction by the Holcim Board of Directors, or (v) any action taken by Holcim to frustrate the transaction or the votes of shareholders at the relevant Holcim general meetings required to complete the Exchange Offer.

Independently of the circumstances described above, no break-up fee shall be payable by Holcim to Lafarge and conversely if the Combination Agreement is terminated as a result of a material adverse effect event occurring prior to any of the events listed in (i) and (ii) above or if a condition to the Exchange Offer (as provided above) is not satisfied.

This Registration Document is prepared for the purpose of the listing and trading on the regulated market of Euronext Paris of (i) all of the 327,086,376 existing registered shares of Holcim Ltd with a nominal value of CHF2.00 per share (the "**Existing Holcim Shares**"), (ii) up to 264,006,013 new registered shares to be issued by Holcim Ltd (the "**New Holcim Shares**", and together with the Existing Holcim Shares, the "**Holcim Shares**" and after renaming, the "**LafargeHolcim Shares**") in consideration for the shares of Lafarge (the "**Lafarge Shares**") tendered to the Exchange Offer, subject to the successful closing of the Exchange Offer, (iii) up to 132,118,700 LafargeHolcim Shares, subject to the successful closing, as the case may be, of the re-opened Exchange Offer and, as the case may be, the squeeze-out, and (iv) up to 29,566,188 LafargeHolcim Shares in connection with the distribution of the scrip dividend.

In this Registration Document:

- "**Holcim**" means Holcim Ltd, the issuer of the New Holcim Shares and the Existing Holcim Shares to be listed on Euronext Paris and the parent company of the Holcim Group. The Existing Holcim Shares are already listed on the SIX Swiss Exchange.
- "**Holcim Group**" means Holcim and its consolidated subsidiaries.
- "**Lafarge**" means Lafarge S.A., the issuer of the Lafarge Shares to be tendered in the Exchange Offer.
- "**Lafarge Group**" means Lafarge and its consolidated subsidiaries.
- "**LafargeHolcim Ltd**" means Holcim Ltd after closing of the Exchange Offer and renaming, the parent company of the Combined Group.
- "**LafargeHolcim**", the "**LafargeHolcim Group**" and the "**Combined Group**" mean the combined Holcim Group and Lafarge Group.

In the 2014 Lafarge Document de Référence incorporated by reference herein (see Section "Documents Incorporated by Reference" below), references to the "**Group**" should be understood as references to the Lafarge Group.

FORWARD-LOOKING STATEMENTS

This Registration Document contains forward-looking statements that reflect Holcim's, Lafarge's and LafargeHolcim's views with respect to future events and financial performance. The words "believes", "expects", "intends", "aims", "plans", "projects", "anticipates", "estimates" and similar expressions commonly identify these forward-looking statements. Examples of forward-looking statements in this Registration Document that are not historical in nature include information relating to the objectives of Holcim, Lafarge and LafargeHolcim, including those relating to financial performance, dividends and potential synergies and estimated benefits of the Merger. Holcim, Lafarge and LafargeHolcim caution investors not to place undue reliance of its forward-looking statements. They involve known and unknown risks, uncertainties and other factors, which may cause its actual results, performance or achievement, or its industry's results, to be materially different from any future results, performance or achievements expressed or implied in this Registration Document.

Furthermore, there can be no assurance that the Merger will be completed or that the synergies and potential estimated benefits of the Merger will be achieved in a timely manner or at all.

Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty and after taking into consideration among others, the risk factors described in Section 3 of Part I, in Section 2 of Part II and in Section 5.1 of the Lafarge 2014 Document de Référence incorporated by reference herein.

Holcim's, Lafarge's and LafargeHolcim's forward-looking statements speak only as of the date on which they are made. Each of Holcim, Lafarge and LafargeHolcim expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Registration Document to reflect any change in its expectations or any change in events, conditions or circumstances, on which any forward-looking statement contained in this Registration Document is based.

DOCUMENTS INCORPORATED BY REFERENCE

This Registration Document incorporates by reference the following documents:

- the Lafarge 2014 Document de Référence, filed with the Autorité des marchés financiers on March 23, 2015 (the "**Lafarge 2014 Document de Référence**"), available at www.lafarge.com/03232015-press_publication-2014_annual_report-uk.pdf and which includes the Lafarge consolidated financial statements as of and for the year ended December 31, 2014 and the report of the statutory auditors relating thereto. The Lafarge 2014 Document de Référence incorporates by reference the Lafarge consolidated financial statements as of and for the years ended December 31, 2013 and 2012 and the reports of the statutory auditors relating thereto; and
- the Lafarge First Quarter 2015 Financial Report, available at http://www.lafarge.com/sites/default/files/atoms/files/04302015-press_finance-lafarge_financial_report_march_2015-uk.pdf and which includes the Lafarge unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2015 and the limited review report of the statutory auditors relating thereto.

INFORMATION ON SHARES TO BE ISSUED BY HOLCIM LTD IN CONNECTION WITH THE EXCHANGE OFFER

Information about the New Holcim Shares to be issued by Holcim in connection with the Exchange Offer can be found in the Holcim Offer Document (*Note d'Information*), that will be made available on Holcim's website (www.holcim.com).

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PERSONS RESPONSIBLE FOR THIS REGISTRATION DOCUMENT

1 Persons Responsible

1.1 Persons Responsible for the Information Pertaining to Holcim and LafargeHolcim

Bernard Fontana, Chief Executive Officer of Holcim as at the date of this Registration Document; and

Thomas Aebischer, Chief Financial Officer of Holcim as at the date of this Registration Document.

1.2 Persons Responsible for the Information Pertaining to Lafarge

Bruno Lafont, Chairman and Chief Executive Officer of Lafarge as at the date of this Registration Document; and

Jean-Jacques Gauthier, Chief Financial Officer and Executive Vice-President of Lafarge as at the date of this Registration Document.

2 Attestations by the Persons Responsible

2.1 Holcim and LafargeHolcim

"*We declare, after taking all reasonable measures for this purpose and to the best of our knowledge, that the information pertaining to Holcim and LafargeHolcim contained in this Registration Document is in accordance with the facts and that it makes no omission likely to affect its import.*

We have obtained a completion letter from the statutory auditors of Holcim, Ernst & Young Ltd, in which they state that they have audited the information relating to the financial position and the financial statements of Holcim presented in this Registration Document and read the information pertaining to Holcim contained in this Registration Document in its entirety.

The auditors' report on the Unaudited Pro Forma Financial Information presented in Sections 4.1 to 4.3 of Part I which contains an emphasis matter with respect to the sources of information used by Holcim because of regulatory reasons is included in Section 4.4 of Part I."

May 11, 2015

Bernard Fontana	Thomas Aebischer
Chief Executive Officer	Chief Financial Officer

2.2 Lafarge

"*We declare, after taking all reasonable measures for this purpose and to the best of our knowledge, that the information pertaining to Lafarge contained in this Registration Document, i.e. the columns entitled "Lafarge historical information under pro forma presentation" in the tables set out under Sections 2.4 and 4 of Part I and the information incorporated by reference in Part III and in Section 4 of Part IV is in accordance with the facts and that it makes no omission likely to affect its import.*

We have obtained a completion letter from the statutory auditors of Lafarge, Deloitte & Associés and Ernst & Young et Autres, in which they state that they have audited the information relating to the financial position and the financial statements of Lafarge presented in this Registration Document and read the information pertaining to Lafarge included in this Registration Document in its entirety.

The statutory auditors of Lafarge have established a report on the financial statements of Lafarge incorporated by reference in this Registration Document. The statutory auditors' report on the 2014 and 2013 consolidated financial statements contains a technical observation."

May 11, 2015

Bruno Lafont	Jean-Jacques Gauthier
Chairman and Chief Executive Officer	Chief Financial Officer and Executive Vice-President

PART I
LAFARGEHOLCIM

1 Information about LafargeHolcim

Holcim, which is intended to be renamed "LafargeHolcim Ltd" upon successful closing of the Exchange Offer, was registered on August 4, 1930 as a company limited by shares (*Aktiengesellschaft*) under Swiss law. Holcim was first registered under the name "Holderbank Financière Glaris Ltd" in the Commercial Register of the Canton of Glarus, Switzerland under number CH-160.3.003.050-5 for an unlimited duration. On May 21, 2001, Holcim changed its name to "Holcim Ltd" and moved its registered office to Jona. Holcim is currently registered under number CHE-100.136.893 with the Commercial Register of the Canton of St. Gallen, Switzerland. Holcim's registered office is at Zürcherstrasse 156, 8645 Jona, Switzerland and its telephone number is +41 58 858 86 00.

Holcim's principal activity is to participate in manufacturing, trade and financing companies in Switzerland and abroad, in particular in the hydraulic binders industry and other industries related thereto. It may pursue any form of business directly or indirectly related to its purpose or which is likely to promote it.

Holcim's statutory auditors are Ernst & Young Ltd at Maagplatz 1, 8010 Zurich, Switzerland, represented by Willy Hofstetter and Elisa Alfieri. Ernst & Young Ltd have been the auditors of Holcim Ltd since 2002 and have been re-appointed in their function on April 13, 2015, for a period of one financial year expiring at the end of the shareholders' meeting called to approve the financial statements for financial year 2015.

2 The Merger

Holcim and Lafarge are both worldwide leading producers of cement, aggregates (crushed stone, sand and gravel), ready-mix concrete and asphalt, and provide related services. Their building products and solutions are used to construct and renovate homes, buildings and infrastructure.

The vision of LafargeHolcim is to create the most advanced group in the building materials industry. The Merger will create the best growth platform in the industry and enable LafargeHolcim to drive growth across its global, well-balanced footprint; deliver best-in-class operating performance and returns enhanced by synergies; and fundamentally transform the business. Furthermore, the Merger will position LafargeHolcim to meet the changing market needs by enhancing the value proposition to meet customer demands, addressing challenges of urbanization, and setting the benchmark on corporate social responsibility, including sustainability and climate change mitigation. The compelling strategic rationale has been reinforced by the preparatory integration work undertaken since the announcement of the Merger.

In 2014, on a combined basis, LafargeHolcim sold 263.0 million tons ("**mt**") of cement, 288.3 mt of aggregates and 56.7 million m^3 of ready-mix concrete through its geographic presence in around 90 countries. As of December 31, 2014, on a combined basis, LafargeHolcim had an installed production capacity of 386.5 million tons per annum ("**mtpa**") of cement. As of December 31, 2014, on a combined basis, it operated 251 cement, clinker and grinding plants, 621 aggregate plants and 1,640 ready-mix concrete plants worldwide and it had 115,000 full-time equivalent employees. In fiscal year 2014, on a pro forma basis, the Combined Group recorded net sales of CHF32.6 billion, an operating EBITDA of CHF6.7 billion. Its pro forma net financial debt and shareholders' equity as at December 31, 2014 were CHF17.9 billion and CHF43.4 billion, respectively.

2.1 Creating the Most Advanced Group in the Building Materials Industry

Market Trends That Represent Opportunities

The Merger of Holcim and Lafarge brings together two leading building materials companies with the objective of creating the most advanced company in the building materials industry.

LafargeHolcim believes that it will create value for all stakeholders – customers, employees, communities and shareholders – by seizing the opportunities presented by the major trends of its market environment:

- **Population growth and rapid urbanization are driving demand for more housing and infrastructure.** By 2020, the world population is expected to reach approximately 7.7 billion, from 7.0 billion today, and approximately 1.0 billion more people compared to today are expected to live in or around urbanized areas in 2020[1]. This trend affects emerging markets and mature economies differently. In emerging markets, this drives a demand for affordable multiple-dwelling housing, with a view to limiting urban sprawl and rehabilitating spontaneous, uncontrolled, constructed areas, while complying with building standards that tend to get closer to those of developed countries. It also drives the need for affordable infrastructure, and in particular transport infrastructure, so that living and working across those cities remains possible. In developed countries, the focus will be more on renovation and building solutions capable of contributing to the development of attractive and sustainable cities in a context of increasing environmental constraints.
- **Increasing demand for value-added products and services from building materials companies.** Competition between building materials companies is no longer only based on prices and the ability to deliver cement close to where it is needed. To differentiate themselves from their competitors, market actors need to offer innovative, user-tailored products and solutions, that improve the quality of buildings (e.g., environmental properties, aesthetics and durability), reduce the cost of either construction or the total cost of ownership lifecycle. They also increasingly offer global services and solutions to building companies.
- **Resource scarcity and climate change require environmentally friendly, energy-efficient building materials and processes.** The need to reduce CO_2 emissions through, among others, more energy-efficient buildings is also a key driver for innovative, environmentally-friendly building materials. At the same time, building materials companies need to constantly adapt their processes to reduce their environmental footprint.

LafargeHolcim Is Best Positioned to Seize These Opportunities

To seize these opportunities, LafargeHolcim will leverage the competitive advantages of Holcim and of Lafarge and the benefits of the combination of the two groups. Its new, well balanced, global footprint will allow it to respond to the demand for additional housing, commercial building and infrastructure in both emerging markets (Central and Eastern Europe, Asia, Middle East & Africa, Latin America) and mature economies on a large scale. The two companies' well established expertise, know-how and capacity to innovate, will allow the Combined Group to scale up its development of value-added solutions and services that respond to increasing environmental constraints. Its new organization will be focused on the provision of differentiating products and solutions to customers, architects, designers and end-users along the construction cycle.

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[1] Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (2013). World Population Prospects: The 2012 Revision. United Nations, Department of Economic and Social Affairs, Population Division (2012). World Urbanization Prospects: The 2014 Revision

Specifically, LafargeHolcim will rely on the following strengths:

- **A global, well-balanced footprint.** LafargeHolcim sells its products through its geographic presence in around 90 countries, with a strong presence and leadership positions in each of the world's major regions. It realized 2014 pro forma net sales of CHF10.1 billion in Asia Pacific, CHF8.1 billion in Europe, CHF5.8 billion in the Middle East and Africa, CHF5.6 billion in North America and CHF3.9 billion in Latin America (Lafarge historical information has been translated into Swiss Francs using an average exchange rate for the year ended December 31, 2014 of EUR1 = CHF1.2146). This footprint is also well-balanced, with 58 per cent. of the pro forma 2014 net sales realized in emerging markets and no country served by the Combined Group representing more than 10 per cent. of 2014 pro forma net sales (except India and the United States representing both approximately 11 per cent.). At the same time, due to its broad scale, the Combined Group can focus on optimizing this network with selective investments. It gives the Combined Group a bigger platform to deploy trading activities, to take advantage of unused production capacity in certain areas to serve, and sometimes to enter, other markets.

- **Innovative and customer focused approach.** Both Holcim and Lafarge have long focused on bringing to their customers a range of innovative products and solutions that address a wide spectrum for needs of individual, professional and industrial end-users. LafargeHolcim will have the world's largest research & development centre in the building materials industry, as well as a network of development laboratories in key regions around the world. The Combined Group will benefit from the market insight of its teams on the ground and from their proven capacity to successfully deploy tailored ways of bringing their products to their end-users and offering value-adding services to their customers.

- **Deep operational expertise, "local-global" model.** Both Holcim and Lafarge have in the past successfully developed and implemented strong operating models and processes and cost reduction measures, developing a capability to operate efficiently with a constant quality of products, while delivering savings with a strict and disciplined capital allocation across their entire portfolio. This group-wide expertise, superior performance management and continuous improvement mindset are leveraged at the local level through central support for expertise, cross-sharing of best practices and the best local teams.

- **Strong tradition of sustainable development, health and safety.** Holcim and Lafarge have demonstrated a commitment to the development of sustainable products with reduced environmental impacts, reflected in successes such as new cement and concrete products with reduced carbon footprints and insulation capacities, long-term reductions in CO2 emissions per tonne of cement produced, increased use of alternative energy sources, enhanced waste management programs, and preservation of water resources through wastewater recycling and rainwater recovery systems. LafargeHolcim's commitment to a "zero harm to people" principle is also reflected in the priority given to health and safety, to reduce lost-time incidents, as well as initiatives to promote diversity and inclusiveness in the workplace.

- **Financial and risk capacity.** Following the Merger, LafargeHolcim expects to benefit from a position of financial strength. Its financial position should be further enhanced through synergies, improved cash flow generation, and its strategy of portfolio optimization and disciplined capital allocation, with the aim of providing attractive returns for its shareholders.

Strategic Goals

The vision of LafargeHolcim is to create the most advanced group in the building materials industry. For shareholders, LafargeHolcim seeks to generate attractive returns, by applying a disciplined approach to capital allocation to improve returns on capital employed and generate strong cash flows.

LafargeHolcim intends to implement five principal strategic initiatives to achieve these objectives:

- **Pro-active portfolio management and disciplined capital allocation.** LafargeHolcim intends to pro-actively manage its portfolio through a systematic review of the market attractiveness and performance of its assets. The focus will be to increase the utilization of the existing asset network, which covers all major geographical regions. In this context, LafargeHolcim intends to make selective investment or divestiture decisions, based on compelling business cases and a disciplined capital allocation process. Creating opportunities for viable growth and new business models will contribute to sustained competitiveness. LafargeHolcim will also seek to leverage its business portfolio through trading, partnerships or franchising. In parallel, LafargeHolcim will focus its resources on marketing and sales, innovation and operational excellence.

- **Serve the building needs of homebuilders and individuals.** Leveraging on the detailed local market knowledge of Holcim and Lafarge, the Combined Group will develop and roll-out differentiating strategies to market and bring its products to those who sell and use them. With respect to distributors and retailers, this will, for instance, involve marketing and customer loyalty support programs, advanced logistics to reach more isolated rural and urban communities, and a shortening of the distribution chain and partnerships with retail chains. With respect to homebuilders, individuals and other end-users, this will involve the introduction of innovative products and value-added services such as bundling or helping affordable housing financing solutions for individuals, and developing a brand associated with values such as respect for people, sustainability, quality, reliability, ease of purchase and ease of use.

- **Be the preferred partner for building and infrastructure.** LafargeHolcim will look to enhance and develop its in-depth understanding of end-users and the eco-systems in which its projects will be implemented. In the commercial construction segment, it will work with mature market customers on solutions that reduce their operational costs and create differentiation, and with emerging market customers to assist them in developing their reputations, in each case working closely with decision-makers such as architects and designers. In the infrastructure segment, LafargeHolcim will seek early involvement to participate in the initial design phase of these complex projects, while providing materials that meet specific infrastructure challenges relating to technology, acceptability and longevity, together with project delivery, from bidding to delivery and after sales.

- **Achieve operational excellence through continuous improvement to create value.** LafargeHolcim will seek to deliver cost leadership and to implement the most advanced models at scale to create value. It will capitalize on its professional teams, assets and technologies, and innovation in industrial operations and business management. It plans to take advantage of the strong operating models of the two predecessor groups to continue to identify and replicate best practices across its business in all its geographic markets:

    - In manufacturing, LafargeHolcim will focus on improved productivity, maintenance efficiency, process uniformity, cost-effective product mix, design optimization and equipment reliability;
    - LafargeHolcim will seek to reduce energy costs through improved efficiency, an emphasis on forecasting energy requirements, focusing on the fuel mix including the use of alternative energy sources, hedging where appropriate and selecting cost-effective energy sources; and
    - Supply chain management, procurement and central functions will also be optimized to achieve the benefits of LafargeHolcim's scale.
- **Commitment to create economically and environmentally sustainable solutions.** LafargeHolcim will be a leader in sustainable solutions and will seek to develop the best possible sustainability footprint. Examples of these objectives include:
    - Innovative solutions such as low CO2 cement and recyclable aggregates;
    - Products optimizing energy consumption of buildings throughout their lifecycle;
    - Demonstrated leadership in environmentally-sustainable and socially-responsible solutions;
    - Pro-active engagement with regulatory agencies and stakeholders at all levels, applying and promoting strict environmental and social standards for the industry;
    - Waste management solutions, use of biomass, water management, robust rehabilitation and biodiversity management at extraction sites; and
    - Acting with integrity in all dealings, promoting a culture of inclusiveness in the workplace.

These initiatives seek to create shared value with society benefitting all stakeholders, from communities to employees and to shareholders, as operating performance and competitiveness are linked to social and economic development and living conditions. This focus will also differentiate LafargeHolcim from many competitors, particularly in emerging markets, where its reputation for products and solutions that are both ecologically responsible and economical will enhance its attractiveness for a wide range of customer groups.

Benefits for Holcim, Lafarge and their Shareholders

For shareholders of Holcim and Lafarge, LafargeHolcim will seek to generate value and an attractive dividend policy, while applying a disciplined approach to capital allocation to improve returns on capital employed, generate strong cash flows and maintain a solid investment grade credit rating.

This merger of equals intends to create shared value with society benefiting all stakeholders, from customers to employees to shareholders to communities, as operating performance and competitiveness are linked to social and economic development and living conditions. This focus will also differentiate the new group from many competitors, particularly in emerging markets, where its reputation for products and solutions that are both ecologically responsible and economical will enhance its attractiveness for a wide range of customer groups.

2.2 Delivering Synergies

LafargeHolcim believes that it is well positioned for sustainable and profitable growth, with the capacity to deliver synergies through operational efficiencies resulting from the implementation of best practices, cost synergies and economies of scale in procurement and selling, general and administrative expenses, and from the deployment of innovations on a larger scale, with the cross-fertilisation of Holcim's and Lafarge's respective value-added solutions and services portfolios. LafargeHolcim also believes that its enhanced cash flow generation and optimized capital allocation strategy may generate further cash synergies.

In connection with their evaluation of the Merger, Holcim and Lafarge estimated the potential synergies resulting from their combination. These estimates are summarized below. Furthermore, those potential synergies were calculated at the foreign exchange rate of CHF1.223 per Euro, which prevailed around the date of the announcement of the merger on April 7, 2014.

LafargeHolcim is targeting run-rate synergies of EUR1.4 billion (CHF1.7 billion) phased in over three years following the completion of the Merger, with EUR410 million (CHF500 million) of synergies in the first year (before non-recurring synergies implementation costs described below) and EUR900 million (CHF1.1 billion) of synergies phased-in in the second year (before non-recurring synergies implementation costs described below). Of the EUR1.4 billion (CHF1.7 billion) of run-rate synergies, LafargeHolcim estimates that it could realise around EUR1.0 billion (CHF1.2 billion) in operational synergies at the EBITDA level, EUR200 million (CHF240 million) in financing synergies and EUR200 million (CHF250 million) in capital expenditure synergies. Furthermore, LafargeHolcim targets one-time working capital synergies through the sharing of best practices of approximately EUR410 million (CHF500 million) over 3 years.

LafargeHolcim estimates that it will incur approximately EUR1.0 billion (CHF1.2 billion) of non-recurring synergies implementation costs during the two years following completion of the Merger in order to implement these synergies.

Potential operational synergies could come from:

- Operational efficiencies realized from the selection and implementation of best practices, including in logistics, distribution, IT and energy consumption. The objective is to generate from these sources approximately EUR200 million (CHF240 million) of run-rate synergies at the EBITDA level;
- Procurement, including economies of scale and cost synergies achieved both through centralized procurement for certain global supplies and at the local level in countries where both Holcim and Lafarge are present. The objective is to generate from these sources approximately EUR340 million (CHF410 million) of run-rate synergies at the EBITDA level;
- Cost synergies in selling, general and administrative expenses due to the reduction or elimination of duplicative functions and the consolidation of corporate overhead, with the objective of generating approximately EUR250 million (CHF300 million) of run-rate synergies at the EBITDA level; and
- Deployment of innovations on a larger scale and the cross-fertilization of value-added product and services portfolio. The objective is to generate from these sources approximately EUR200 million (CHF240 million) of run-rate synergies at the EBITDA level.

The total operational synergies would therefore amount to approximately EUR1.0 billion (CHF1.2 billion) at the EBITDA level.

Potential financing and cash-flow synergies could come from:

- Financing synergies due to more favourable financing rates and synergies in cash allocation with a target of approximately EUR100 million (CHF120 million) from the end of the first year following the

Merger and up to approximately EUR200 million (CHF240 million) after the third year following the Merger; and

- Capital expenditure synergies, through the selection and adoption of best practices on maintenance capital expenditures and higher efficiency on expansion capital expenditures, with a target of approximately EUR200 million (CHF250 million).

The total financing and cash flow synergies would therefore amount to approximately EUR400 million (CHF490 million).

These target synergies are based on a number of assumptions, which rely to a large extent on factors that are beyond the control of LafargeHolcim. LafargeHolcim may fail to realize these target synergies for many reasons, and in particular because it may have to bear significant implementation costs that could exceed the expected amounts, management may not be able to dedicate sufficient attention to the integration of the merged companies, and the combination and harmonization of the different standards, procedures, organization and business culture could be more difficult or take more time than anticipated, as well as the other factors described under Section 3 of Part I, Section 2 of Part II and in Section 5.1 of the Lafarge 2014 Document de Référence incorporated by reference herein.

2.3 The Integration Process

From the outset, Holcim and Lafarge have invested significant efforts and resources in fostering a smooth and efficient integration of the Holcim Group and the Lafarge Group. Soon after the public announcement of the Merger in April 2014, an integration committee (hereafter the "**Integration Committee**") was established to make recommendations to the Senior Management on the optimal way to integrate the two groups, so as to realise the benefits of the Merger as quickly as possible after completion, with a view to accelerating synergies.

The Integration Committee is composed of high level executives, with half of the members from Holcim and the other half from Lafarge.

Driving the Benefits of the Merger

The Integration Committee includes groups focused on deriving the benefits of the Merger in a number of areas, including maximizing operational efficiency as well as cross-fertilisation of products and solutions to better serve customers.

The objective is to determine a common strategy, and align the new organization to capture the potential benefits and synergies from the Merger, starting with the broad synergy estimates that were communicated at the time the Merger was announced (for more information regarding synergies and related costs, please refer to Section 2.2 of Part I). The Integration Committee's teams have worked on establishing concrete plans to realize and, where possible, to improve upon the initial estimates, while minimizing the potential obstacles to achieving the Combined Group's objectives.

A Focus on Culture

The integration planning process is proceeding at the Combined Group and individual country level in parallel in order to tailor the relevant action plans to the specific circumstances in each region. At the same time, country-level integration teams and the Senior Management are supported and guided by the principles and methodology developed at the Group level.

One of the primary objectives of the integration planning process is to successfully merge the cultures of the predecessor companies and develop the foundation for a new Combined Group culture. The Integration Committee's focus on culture is driven by its analysis of the integration planning processes for comparable mergers and its finding that successful integration requires the systematic awareness of, respect for and reconciliation between the differences in company cultures.

The Integration Committee has defined three phases of the cultural integration process. In the first phase ending in late 2014, the Integration Committee sought to establish a foundation for the new Combined Group culture, identifying areas of overlap and differences in the cultures of the two groups. During the second phase, which is expected to run until the completion of the Merger, the Integration Committee will define a blueprint for the culture and values of the Combined Group and mobilise for its implementation throughout the Combined Group. The third phase, commencing after the completion of Merger, will focus on rolling out the new cultural identity, values and best practices throughout the Combined Group.

2.4 LafargeHolcim After Completion of the Merger

Following the Merger, the LafargeHolcim Group will be a global leader, with a strong presence in all regions and major countries, serving the needs of individuals and retail customers and being the preferred partner for building and infrastructure, understanding the end-users and customers along the value chain. To realize its strategic ambition, the Combined Group has identified three fundamental elements: People, Integrity and Health and Safety.

LafargeHolcim as the Most Advanced Building Materials Company

Following the Merger, the Combined Group will benefit from an extensive, diversified portfolio of building materials products and services that address key needs in both emerging and developed markets. This, together with its broad geographic footprint, strong capacity for innovation, customer/end-user centric approach and operational scale, position the Combined Group well for profitable growth.

Condensed Unaudited Pro Forma Statement of Financial Position

The table below shows the Condensed Unaudited Pro Forma Statement of Financial Position as at December 31, 2014. Further details on the Unaudited Pro Forma Financial Information can be found in Section 4 of this Part I. The Unaudited Pro Forma Financial Information was prepared, based on a number of assumptions, solely for illustration and does not reflect the results of operations or financial position that would have been realized had Holcim and Lafarge operated as a combined group during the relevant period.

	Holcim historical information under pro forma presentation[(1)]	Lafarge historical information[(2)] under pro forma presentation[(1)]	Lafarge historical goodwill adjustment	Merger related pro forma adjustments[(3)]	Divestiture related pro forma adjustments[(4)]	LafargeHolcim Pro Forma Information	Convenience translation of LafargeHolcim Pro Forma Information[(5)]
				(unaudited)			
			(CHF million)				*(EUR million)*
Total current assets	7,307	7,061		1,235	5,817	21,420	20,307
Total long-term assets	32,377	34,798	(13,663)	22,724	(6,767)	69,469	65,860
Total assets	**39,684**	**41,859**	**(13,663)**	**23,959**	**(950)**	**90,889**	**86,167**
Total current liabilities	6,923	6,401		2,565	(717)	15,172	14,384
Total long-term liabilities	12,649	14,665		5,434	(385)	32,363	30,681
Total liabilities	**19,572**	**21,066**		**7,999**	**(1,102)**	**47,535**	**45,065**
Total capital and reserves attributable to the shareholders	17,430	18,585	(13,663)	15,269	188	37,809	35,845
Non-controlling interests	2,682	2,208		691	(36)	5,545	5,257
Total shareholders' equity	20,112	20,793	(13,663)	15,960	152	43,354	41,102
Total liabilities and shareholders' equity	**39,684**	**41,859**	**(13,663)**	**23,959**	**(950)**	**90,889**	**86,167**

Notes:

(1) Reclassifications have been made to the published historical information of Holcim and Lafarge in order to align the presentation of Holcim and Lafarge historical financial statements. No material differences have been identified in the accounting policies applied by the two groups. As a result, the change of presentation does not impact total assets or net income. Those reclassifications are further detailed in Note 2 of the Unaudited Pro Forma Financial Information set out in Section 4.3 of this Part I.

(2) Based on an exchange rate at December 31, 2014 of EUR1 = CHF1.2027.

(3) Some pro forma adjustments have been made to Holcim and Lafarge historical information to reflect the effect of the Merger. Those pro forma adjustments are further detailed in Note 3 of the Unaudited Pro Forma Financial Information set out in Section 4.3 of this Part I.

(4) Some pro forma adjustments have been made to Holcim and Lafarge historical information to reflect the effect of the Divestiture. Those pro forma adjustments are further detailed in Note 4 of the Unaudited Pro Forma Financial Information set out in Section 4.3 of this Part I.

(5) The translation into Euro of the LafargeHolcim Pro Forma Information has been presented for convenience purposes only, using the exchange rate as of March 20, 2015 (EUR1 = CHF1.0548). As a convenience translation, it is not intended to reflect what the pro forma financial information would have been had it been prepared in Euros by applying the provisions of IAS 21 - The effects of changes in foreign exchange rates, nor is it indicative of the Euro amounts into which the pro forma assets and liabilities, income and expenses could have been or could be converted.

Condensed Unaudited Pro Forma Statement of Income

The table below shows the Condensed Unaudited Pro Forma Statement of Income for the year ended December 31, 2014. Further details on the Unaudited Pro Forma Financial Information can be found in Section 4 of this Part I. The Unaudited Pro Forma Financial Information was prepared, based on a number of assumptions, solely for illustration and does not reflect the results of operations or financial position that would have been realized had Holcim and Lafarge operated as a combined group during the relevant period.

	Holcim historical information under pro forma presentation(1)	Lafarge historical information(2) under pro forma presentation(1)	Merger related pro forma adjustments(3)	Divestiture related pro forma adjustments(4)	LafargeHolcim Pro Forma Information	Convenience translation of LafargeHolcim Pro Forma Information(5)
	(unaudited)					
	(CHF million)					(EUR million)
Net sales	**19,110**	**15,599**	**1,392**	**(3,499)**	**32,602**	**30,908**
Gross profit	8,634	7,203	(7)	(1,593)	14,237	13,497
Operating profit before other income (expense)	2,489	2,285	(448)	(561)	3,765	3,569
Operating profit	2,519	1,773	97	(307)	4,082	3,870
Net income	**1,619**	**333**	**(53)**	**(228)**	**1,671**	**1,584**
Attributable to:						
Shareholders	1,287	174	(2)	(212)	1,247	1,182
Non-controlling interest	332	159	(51)	(16)	424	402

Notes:

(1) Reclassifications have been made to the published historical information of Holcim and Lafarge in order to align the presentation of Holcim and Lafarge historical financial statements. No material differences have been identified in the accounting policies applied by the two groups. As a result, the change of presentation does not impact total assets or net income. Those reclassifications are further detailed in Note 2 of the Unaudited Pro Forma Financial Information set out in Section 4.3 of this Part I.

(2) Based on an average exchange rate for the year ended December 31, 2014 of EUR1 = CHF1.2146.

(3) Some pro forma adjustments have been made to Holcim and Lafarge historical information to reflect the effect of the Merger. Those pro forma adjustments are further detailed in Note 3 of the Unaudited Pro Forma Financial Information.

(4) Some pro forma adjustments have been made to Holcim and Lafarge historical information to reflect the effect of the Divestiture. Those pro forma adjustments are further detailed in Note 4 of the Unaudited Pro Forma Financial Information.

(5) The translation into Euro of the LafargeHolcim Pro Forma Information has been presented for convenience purposes only, using the exchange rate as of March 20, 2015 (EUR1 = CHF1.0548). As a convenience translation, it is not intended to reflect what the pro forma financial information would have been had it been prepared in Euros by applying the provisions of IAS 21 - The effects of changes in foreign exchange rates, nor is it indicative of the Euro amounts into which the pro forma assets and liabilities, income and expense could have been or could be converted.

Unaudited Pro Forma Net Sales and Operating EBITDA by Region

The table below shows unaudited pro forma net sales and operating EBITDA by region for the Combined Group for the year ended December 31, 2014.

	Net Sales		Operating EBITDA[1]	
	(unaudited)			
	(On a pro forma basis, for the year ended December 31, 2014, in CHF million, except percentages)			
Asia Pacific	10,048	30.8%	1,789	26.7%
Europe	8,053	24.7%	1,403	21.0%
Africa Middle East	5,772	17.7%	1,687	25.2%
North America	5,625	17.3%	1,084	16.2%
Latin America	3,863	11.8%	1,054	15.7%
Corporate / eliminations	(759)	(2.3)%	(322)	(4.8)%
Total	**32,602**	**100.0%**	**6,695**	**100.0%**

Note:

(1) Operating EBITDA is defined as the "Operating profit before other income (expense)" before depreciation and amortization on tangible and intangible operating assets and is a non-GAAP financial measure.

Unaudited Pro Forma Net Sales and Operating EBITDA by Product Line

The table below shows unaudited pro forma net sales and operating EBITDA by product line for the Combined Group for the year ended December 31, 2014.

	Net Sales		Operating EBITDA[2]	
	(unaudited)			
	(On a pro forma basis, for the year ended December 31, 2014, in CHF million, except percentages)			
Cement	22,719	69.7%	5,542	82.8%
Other construction materials and services[1]	8,784	26.9%	339	5.1%
Aggregates	4,321	13.3%	716	10.7%
Corporate / eliminations	(3,222)	(9.9)%	98	1.5%
Total	**32,602**	**100.0%**	**6,695**	**100.0%**

Notes:

(1) Comprises ready-mix concrete, concrete products, asphalt, construction and paving, trading and other products and services.

(2) Operating EBITDA is defined as the "Operating profit before other income (expense)" before depreciation and amortization on tangible and intangible operating assets and is a non-GAAP financial measure.

Combined Sales Volumes by Region

The table below shows combined sales volumes by region for the Combined Group, including Lafarge's joint ventures on a 100 per cent. basis and excluding the Divested Businesses, for the year ended December 31, 2014.

	Sales volume Cement		Sales volume Aggregates		Sales volume Ready-Mix Concrete	
	(For the year ended December 31, 2014, in mt, except percentages)				*(In m^3 million, except for percentages)*	
Asia Pacific	121.9	46.3%	34.2	11.9 %	16.0	28.2 %
Africa Middle East	51.4	19.5%	10.7	3.7 %	6.0	10.6 %
Europe	40.5	15.4%	114.2	39.6 %	16.9	29.8 %
Latin America	31.0	11.8%	10.5	3.6 %	7.8	13.8 %
North America	21.40	8.1%	118.7	41.2 %	10.0	17.6 %
Corporate / eliminations	(3.2)	(1.2)%	0.0	0.0 %	0.0	0.0 %
Total	**263.0**	**100.0%**	**288.3**	**100.0%**	**56.7**	**100.0%**

Combined Full-Time Equivalent Employees per Region

The table below shows combined full-time equivalent employees per region for the Combined Group, including Lafarge's joint ventures on a 100 per cent. basis and excluding the Divested Businesses, as of December 31, 2014.

	Employees
	(As of December 31, 2014)
Asia Pacific	44,102
Europe	24,657
Africa Middle East	21,570
Latin America	12,039
North America	11,735
Service and trading companies	897
Total	**115,000**

Combined Full-Time Equivalent Employees per Product Line

The table below shows combined full-time equivalent employees per product line for the Combined Group, including Lafarge's joint ventures on a 100 per cent. basis and excluding the Divested Businesses, as of December 31, 2014.

	Employees
	(As of December 31, 2014)
Cement	74,744
Aggregates	22,610
Other construction materials and services	14,988
Other (non-operational)	2,658
Total	**115,000**

Combined Plants Per Region

The table below shows combined plants per region for the Combined Group, including Lafarge's joint ventures on a 100 per cent. basis and excluding the Divested Businesses, as of December 31, 2014.

	Asia Pacific	Latin America	Europe	North America	Africa Middle East	Total
			(As of December 31, 2014)			
Ready-mix concrete plants	395	171	572	290	212	**1,640**
Aggregate plants	79	16	282	205	39	**621**
Clinker / Cement plants	61	21	47	20	32	**181**
Grinding plants	33	9	12	4	12	**70**
Total	**568**	**217**	**913**	**519**	**295**	**2,512**

Combined Annual Installed Cement Production Capacity Per Country

The table below shows combined annual installed cement production capacity per country for the Combined Group, including Lafarge's joint ventures on a 100 per cent. basis and excluding the Divested Businesses, as of December 31, 2014.

	Combined Annual Installed Cement Production Capacity
	(In mt, as of December 31, 2014)
Asia Pacific	
India	68.2
China	31.6
Malaysia	13.7
Indonesia	13.2
Philippines	9.9
South Korea	9.6
Vietnam	5.7
Australia	5.3
Bangladesh	3.5
Other Asia Pacific	1.8
Total Asia Pacific	**162.5**
Africa Middle East	
Morocco	11.9
Egypt	10.0
Algeria	9.4
Nigeria	8.2
Iraq	5.8
Jordan	4.8
South Africa	3.6
United Arab Emirates	3.0
Lebanon	2.9
Syria	2.6
Kenya	2.0
Cameroon	1.7
Zambia	1.3
Ivory Coast	1.2
Uganda	0.8
Other Africa Middle East	3.5
Total Africa Middle East	**72.7**

	Combined Annual Installed Cement Production Capacity
	(In mt, as of December 31, 2014)
Latin America	
Mexico	12.2
Brazil	8.9
Ecuador	5.5
Argentina	4.6
Chile	2.3
Colombia	2.1
Salvador	1.7
Costa Rica	1.1
Other Latin America	0.4
Total Latin America	**38.8**
Europe	
France	10.6
Spain	9.9
Russia	9.5
Greece	6.8
Romania	6.1
Poland	5.7
Germany	4.4
Italy	4.2
Switzerland	3.4
Czech Republic	2.4
Belgium	2.2
Austria	2.0
Serbia	2.0
Azerbaijan	2.0
Bulgaria	1.7
Moldova	1.4
Hungary	1.0

	Combined Annual Installed Cement Production Capacity
	(In mt, as of December 31, 2014)
Croatia	1.0
U.K	1.1
Other Europe	1.4
Total Europe	**78.8**
North America	
U.S.	27.9
Canada	5.8
Total North America	**33.7**
Total World	**386.5**

2.5 Shareholding and Governance

2.5.1 Pro Forma Shareholding

To the knowledge of Holcim, in the event where all existing and outstanding shares of Lafarge as of April 30, 2015 (i.e. 287,932,312 shares) would be tendered to the Exchange Offer, the share capital and voting rights of Holcim would be allocated as set out in the table below as of the date of the closing of the Exchange Offer.

	Number of shares held	**% of total voting right**
	(as of December 31, 2014[1], on a pro forma basis)	
Schweizerische Cement-Industrie – Aktiengesellschaft	65,777,912	11.22%
Groupe Bruxelles Lambert	54,511,878	9.30%
NNS Holding Sàrl	36,058,212[2]	6.15%
Eurocement Holding AG	35,402,772	6.04%
Dodge & Cox	18,880,975	3.22%
Harris Associates L.P.	16,163,815	2.76%
Free float	358,169,104[3]	61.10%
Treasury shares	1,260,789	0.22%
Total	**586,225,457**	**100.00%**

Notes:

(1) Shareholdings and voting rights shown in this table are as of December 31, 2014. The "Free float" additionally includes new shares issued until April 30, 2015 as explained in note (3).

(2) Including shares directly held by M. Nassef Sawiris.

(3) Including shares held by Harbor International Fund and BlackRock, Inc. and the new shares issued from January 1, 2015 to April 30, 2015.

As a consequence, in the event where all Lafarge Shares would be tendered to the Exchange Offer, a shareholder of Holcim holding 1.00 per cent. of the share capital and voting rights in Holcim prior to the Exchange Offer would hold 0.56 per cent. of the share capital and voting rights in LafargeHolcim as of the date of the closing of the Exchange Offer.

2.5.2 Board of Directors

The LafargeHolcim Ltd's Board of Directors will consist of 14 members. 13 of the 14 members of the Board of Directors are considered as independent pursuant to the definition of the Swiss Code of Best Practice for Corporate Governance. The Swiss Code of Best Practice for Corporate Governance provides that independent members are non-executive members of the Board of Directors who have never been a member of the executive board, or were members thereof more than three years ago, and who have no or comparatively minor business relations with the company. Under the Afep-Medef Code 8 of the 14 members of the Board of Directors would be considered independent (in contrast with the Swiss Code of Best Practice for Corporate Governance, Board members associated with major shareholders of LafargeHolcim Ltd would not be considered independent under the Afep-Medef Code).

Pursuant to Swiss corporate law and the Federal Council Ordinance against Excessive Compensation (“**OaEC**”), the Chairman of the Board of Directors, all members of the Board of Directors and all members of the Nomination & Compensation Committee are elected by the Annual Shareholders’ Meeting for one year-term extending until the completion of the next Annual Shareholders’ Meeting.

Upon closing of the Exchange Offer, the Board of Directors of LafargeHolcim Ltd will be composed as follows:

Name	**Position**
Wolfgang Reitzle	Co-Chairman (Statutory Chairman)
Bruno Lafont	Co-Chairman
Beat Hess	Vice-Chairman
Bertrand Collomb	Member
Philippe Dauman	Member
Paul Desmarais, Jr.	Member
Oscar Fanjul	Member
Alexander Gut	Member
Gérard Lamarche	Member
Adrian Loader	Member
Nassef Sawiris	Member
Thomas Schmidheiny	Member
Hanne Birgitte Breinbjerg Sørensen	Member
Dieter Spälti	Member

Wolfgang Reitzle will be recorded as Chairman in the commercial register and have as such all powers and rights of a Chairman according to Swiss law, the Articles of Association and the Organizational Rules of LafargeHolcim. Bruno Lafont will be the non-executive Co-Chairman for Government and International Affairs. Beat Hess will be appointed and recorded in the commercial register as Vice-Chairman. In case of absence of Wolfgang Reitzle, all statutory and special powers of the Chairman will be granted to Beat Hess.

The Board members listed above were elected, subject to the closing of the Exchange Offer, at the Holcim Ltd Shareholders’ Meeting of May 8, 2015. They have been appointed until completion of the 2016 Annual Shareholders’ Meeting.

Wolfgang Reitzle

German national, born 1949, Chairman of the Board of Directors and of the Governance & Strategy Committee since April 29, 2014, member of the Nomination & Compensation Committee. He studied engineering and economics at the Technical University of Munich and holds a Degree and a PhD in Mechanical Engineering. From 1976 to 1999 he worked for the car manufacturer BMW, where in 1987 he was appointed regular member of the Executive Board, responsible for research and development. In 1999, he took over as Chief Executive Officer of the Premier Automotive Group and Vice President of the US car manufacturer Ford. In 2002, he joined the Executive Committee of Linde, a world-leading gases and engineering company, and was Chief Executive Officer from 2003 to 2014. Wolfgang Reitzle is also Chairman of the Supervisory Board of Continental AG, Hannover, and Member of the Supervisory Board (as of June 1, 2014 Chairman of the Supervisory Board) of Medical Park AG, Amerang, Germany and Member of the Supervisory Board of Springer SE, Berlin, Germany. He was elected to the

Board of Directors of Holcim Ltd in 2012. He is also a member of the Supervisory Board of Hawesko AG, elected in 2014.

Bruno Lafont

French national, born in 1956, Bruno Lafont is Chairman of the Board of Directors and Chief Executive Officer of Lafarge. He was elected to the Board of Directors of Lafarge in 2005. He is a graduate of the Hautes Etudes Commerciales Business School (HEC Paris) and the French National School of Administration (ENA). He has been Chief Executive Officer of Lafarge since 2006 and Chairman of the Board since 2007. He joined Lafarge in 1983 and subsequently held various positions in finance and international operations. In 1995 he was appointed Group Executive Vice President, Finance, in 1998 President of the Gypsum Division, and in 2003 Chief Operating Officer. Bruno Lafont is Director of EDF, ArcelorMittal, and Group company Shui On Cement Limited, China. He is Member of the Executive Committee of the World Business Council of Sustainable Development (WBCSD), where he co-chairs the Energy Efficiency in Buildings project. He also chairs the Energy and Climate Change working group of the European Round Table of Industrialists (ERT) and the Sustainable Development Commission of MEDEF (French Business Confederation). He is special adviser to the mayor of Chongqing, China.

Beat Hess

Swiss national, born in 1949, Deputy Chairman of the Board of Directors of Holcim, Member of the Nomination & Compensation Committee of Holcim until April 17, 2013, Member of the Audit Committee of Holcim since April 17, 2013 and Member of the Governance & Strategy Committee of Holcim since January 1, 2013. He holds a doctorate in law and is admitted to the bar in Switzerland. From 1977 to 2003, he was initially Legal Counsel and subsequently General Counsel for the ABB Group. From 2004 until the end of 2010, he was Legal Director and Member of the Executive Committee of the Royal Dutch Shell Group, London and The Hague. He is also a Member of the Board of Directors and Member of the Chairman's and Corporate Governance Committee, and the Chairman of the Compensation Committee of Nestlé S.A., Vevey, and Vice-Chairman and Member of the Nomination and Compensation Committee of the Board of Directors of Sonova Holding AG, Stafa. He was elected to the Board of Directors of Holcim in 2010.

Bertrand Collomb

French national, born in 1942, is Honorary Chairman of Lafarge. He was Chairman and Chief Executive Officer of Lafarge from 1989 to 2003, Chairman from 2003 to 2007 and Director until 2012. A graduate of the École Polytechnique and the École des Mines in Paris, he also holds a French law degree and a PhD in Management from the University of Texas. He also founded the Center for Management Research at the École Polytechnique. He joined Lafarge in 1975. After various positions, including Chief Executive Officer of Lafarge in North America from 1985 to1988, he was appointed Chairman and Chief Executive Officer of Lafarge in August 1989 and was Chairman from 2003 to 2007. He is also a founding member of the World Business Council for Sustainable Development (WBCSD), of which he was Chairman from 2004 to 2005. He is also Director of Total, DuPont and ATCO. He is member of the "Institut de France" and was Chairman of the "Académie des sciences morales et politiques".

Philippe Dauman

American national, born in 1954, is Independent Director, Chairman of the Strategy, Investment and Sustainable Development Committee and Member of the Corporate Governance and Nominations Committee of Lafarge. He was elected to the Board of Directors of Lafarge in 2007. He is Director, President, and Chief Executive Officer of Viacom, USA. He began his career working for the New York law firm Shearman & Sterling, where he became Partner. He was General Counsel and Secretary of the Board of Directors of Viacom from 1993 to 1998, Executive Vice President from 1995 to 2000, and Deputy Chairman of the Board of Directors from 1996 to 2000. He was Director of Lafarge North America from 1997 to 2006. In 2000 he became Joint Chairman of the Board of Directors and Chief Executive Officer of DND Capital Partners LLC. Philippe Dauman is Director of

National Amusements, Member of the Board of Directors of National Cable & Telecommunications Association, Member of the Executive Committee of Lenox Hill Hospital, Member of the Dean's Council for the University of Columbia Law School, member of the Business Roundtable, Co-Chairman of the Partnership for New York, member of the Board of Directors of the Kipp Foundation, and Member of the Paley Media Council, all in the USA.

Paul Desmarais Jr.

Canadian national, born in 1954, is Director and Member of the Strategy, Investment and Sustainable Development Committee of Lafarge. He was elected to the Board of Directors of Lafarge in 2008. He holds a Bachelor of Commerce from McGill University, Montreal, and an MBA from the European Institute of Business Administration (INSEAD), France. He is Chairman of the Board of Directors and Co-Chief Executive Officer of Pargesa Holding SA, Switzerland, and Director and Executive Committee Member of many Power Group companies in North America. He joined the Power Corporation of Canada in 1981 and became Vice Chairman in 1982. He became Vice Chairman and Chief Operating Officer of Power Financial Corporation in 1986, Executive Director and Vice Chairman in 1989, Executive Director and Chairman in 1990, and Chairman of the Executive Committee in 2006. He was Vice Chairman of Power Corporation from 1991 to 1996 and became Chairman and Co-Chief Executive Officer in 1996. He became Member of the Management Committee of Pargesa in 1982, Executive Vice Chairman of the Committee in 1991, then Executive Chairman, and in 2003 Managing Director. Paul Desmarais, Jr. is Director of Total SA, Power Corporation of Canada, AppDirect, Steve Nash Fitness Centers, and Best Friends.

Oscar Fanjul

Spanish national, born in 1949, is Independent Director and Vice Chairman of the Board of Directors, Chairman of the Corporate Governance and Nominations Committee, Chairman of the Remunerations Committee, member of the Audit Committee, and Member of the Strategy, Investment and Sustainable Development Committee of Lafarge. He was elected to the Board of Directors of Lafarge in 2005. He began his career in 1972 working for the industrial holding INI, Spain, and later became Chairman Founder and CEO of Repsol, Spain, and then Chairman of Deoleo SA, Spain. Oscar Fanjul is Vice Chairman of Omega Capital, Spain; Director of Marsh & McLennan Companies, USA; and Acerinox, Spain.

Alexander Gut

British and Swiss national, born in 1963, Member of the Board of Directors, Chairman of the Audit Committee since April 17, 2013. He holds a doctorate degree in Business Administration (Dr. oec. publ.) from the University of Zurich, and is a Swiss Certified Accountant. From 1991 to 2001, he was with KPMG in Zurich and London and from 2001 to 2003 he was with Ernst & Young in Zurich and was promoted to Partner in 2002. From 2003 to 2007, he was a Partner with KPMG in Zurich, and was promoted to the Executive Committee of KPMG Switzerland in 2005. Alexander Gut is the Founder and Managing Partner of Gut Corporate Finance AG, an independent corporate finance advisory firm in Zurich. He is a Member of the Board of Directors and Chairman of the Audit Committee of Adecco S.A., Cheserex, Switzerland. He was elected to the Board of Directors of Holcim Ltd in 2011.

Gérard Lamarche

Belgian national, born in 1961, is Director, member of the Audit Committee and member of the Strategy, Investment and Sustainable Development Committee of Lafarge. He was elected to the Board of Directors of Lafarge in 2012. He holds a Bachelor of Economics from the University of Louvain-la-Neuve, Belgium, and he completed the Advanced Management Program for Suez Group Executives at INSEAD Business School. He is Managing Director of Groupe Bruxelles Lambert SA, Belgium. Gérard Lamarche began his career in 1983 with Deloitte Haskins & Sells, Belgium, and became M&A Consultant in the Netherlands in 1987. In 1988 he joined the Venture Capital Department of Société Générale de Belgique as Investment Manager, where he became Controller in 1989 and Advisor to the Director of Strategic Planning in 1992. From 1995 to 1997 he was Special Projects Advisor to the President and Secretary of the Compagnie de Suez Board of Directors and was later appointed Senior Vice President of Suez SA. In 2000 he joined NALCO (American subsidiary of the Suez Group) as Director, Senior Executive Vice President, and CFO. He was appointed CFO of the Suez Group in 2003. Gérard Lamarche is Director of Legrand, Total SA, and SGS, Switzerland, and is Censor of GDF Suez.

Adrian Loader

British national, born in 1948, Member of the Board of Directors, Chairman of the Nomination & Compensation Committee since April 29, 2014. He holds an Honours Degree in History from Cambridge University and is a Fellow of the Chartered Institute of Personnel and Development. He began his professional career at Bowater in 1969, and joined Shell the following year. Until 1998, he held various management positions in Latin America, Asia, Europe and at corporate level. In 1998, he was appointed President of Shell Europe Oil Products and became Director for Strategic Planning, Sustainable Development and External Affairs in 2004. From 2005, he was Director of the Strategy and Business Development Directorate of Royal Dutch Shell and became President and CEO of Shell Canada in 2007, retiring from Shell at the end of the year. In January 2008, he joined the Board of Directors of Toronto-based Candax Energy Inc. and was Chairman until June 2010. He then served as Chairman of Compton Petroleum, Calgary, until August 2012. He is currently Chairman of the Board of Directors of Oracle Coalfields PLC, London, and a Member of the Board of Directors of Sherritt International Corporation, Toronto, and a Member of the Board of Alderon Iron Ore, Montreal. He further serves as a Member of the International Advisory Board of Directors of Garda World, Montreal. He was elected to the Board of Directors of Holcim Ltd in 2006.

Nassef Sawiris

Egyptian national, born in 1961, is Director, Member of the Corporate Governance and Nominations Committee, Member of the Remunerations Committee, and Member of the Strategy, Investment and Sustainable Development Committee of Lafarge. He was elected to the Board of Directors of Lafarge in 2008. He holds a Bachelor of Economics from the University of Chicago and is Director and Chief Executive Officer of Orascom Construction Industries NV, Netherlands. He joined the Orascom Group in 1992, where became Chief Executive Officer of Orascom Construction Industries SAE, Egypt, in 1998 and Chairman in 1999. He later served as Director and General Manager of several subsidiaries and subsequently became Chairman of Lafarge Cement Egypt SAE and held offices in various subsidiaries of the Lafarge Group until 2012. Nassef Sawiris is Director of BESIX, Belgium, and OCI Partners LP, USA.

Thomas Schmidheiny

Swiss national, born in 1945, Member of the Board of Directors, Member of the Nomination & Compensation Committee. He studied mechanical engineering at the ETH Zurich and complemented his studies with an MBA from the IMD Lausanne (1972). In 1999, he was awarded an honorary doctorate for his services in the field of sustainable development from Tufts University, Massachusetts. He began his career in 1970 as Technical Director with Cementos Apasco and was appointed to the Executive Committee of Holcim Ltd in 1976, where he held the office of Chairman from 1978 until 2001. He was elected to the Board of Directors of Holcim in 1978 and was Chairman of the Board of Directors of Holcim Ltd from 1984 until 2003.

Hanne Birgitte Breinbjerg Sørensen

Danish national, born 1965, Member of the Board of Directors, Member of the Nomination & Compensation Committee since April 29, 2014. Until the end of the year 2013 she was the Chief Executive Officer of Maersk Tankers, Copenhagen and as of January 1, 2014 she is the Chief Executive Officer of Damco, another company of the A.P. Møller-Maersk Group. Hanne Birgitte Breinbjerg Sørensen holds an MSc in Business Economy from the University of Aarhus. She was elected to the Board of Directors of Holcim Ltd in 2013.

Dieter Spälti

Swiss national, born in 1961, Member of the Board of Directors, Member of the Audit Committee, Member of the Governance & Strategy Committee since January 1, 2013. He studied law at the University of Zurich, obtaining a doctorate in 1989. He began his professional career as a credit officer with Bank of New York in New York, before taking up an appointment as Chief Financial Officer of Tyrolit (Swarovski Group), based in Innsbruck and Zurich, in 1991. From 1993 until 2001, he was with McKinsey & Company, ultimately as a partner, and was involved in numerous projects with industrial, financial and technology firms in Europe, the USA and Southeast Asia. In October 2002, he joined Rapperswil-Jona-based Spectrum Value Management Ltd. as a partner, the firm which administers the industrial and private investments of the family of Thomas Schmidheiny. Since 2006, he has been Chief Executive Officer of Spectrum Value Management Ltd. He was elected to the Board of Directors of Holcim Ltd in 2003.

The business address for each member of the Board of Directors is LafargeHolcim Ltd, Zürcherstrasse 156, 8645 Jona, Switzerland.

The table below sets out the number of Holcim Shares held by each member of the LafargeHolcim Board of Directors as at December 31, 2014.

	Number of Holcim Shares held
	(As of December 31, 2014)
Wolfgang Reitzle	2,241
Bruno Lafont	0
Beat Hess	4,693
Bertrand Collomb	0
Philippe Dauman	0
Paul Desmarais, Jr.	0
Oscar Fanjul	0
Alexander Gut	4,092
Gérard Lamarche	0
Adrian Loader	10,493
Nassef Sawiris	0
Thomas Schmidheiny	65,777,912
Hanne Birgitte Breinbjerg Sørensen	1,015
Dieter Spälti	41,912

The Board of Directors of LafargeHolcim Ltd will have the following permanent committees:

Nomination, Compensation and Governance Committee

LafargeHolcim Ltd's Nomination, Compensation and Governance Committee supports the Board of Directors in planning and preparing succession at the Senior Management level and in all governance related matters. It monitors developments with regard to compensation for the Board of Directors and Senior Management and governance related matters, and briefs the Board of Directors accordingly. The committee decides on the compensation paid to the Executive Management, and on the Chief Executive Officer's targets and performance assessment, and informs the Board of Directors as a whole of the decisions taken.

The members of the Nomination, Compensation and Governance Committee are elected individually by the Annual Shareholders' Meeting for a term of office until completion of the next Annual Shareholders' Meeting and may be re-elected. If there are vacancies on the Nomination, Compensation and Governance Committee, the Board may appoint the missing members from among its members for the remaining term of office.

Subject to applicable law, the Nomination, Compensation and Governance Committee constitutes itself. It elects its Chairman who has no casting vote in case of a tie.

Upon closing of the Exchange Offer, the Nomination, Compensation and Governance Committee will be composed as follows:

Name	Position
Paul Desmarais, Jr.	Chairman
Oscar Fanjul	Member
Adrian Loader	Member
Wolfgang Reitzle	Member

Finance and Audit Committee

LafargeHolcim Ltd's Finance and Audit Committee assists and advises the Board of Directors in conducting its supervisory duties, in particular with finance matters and internal control systems. It examines and reviews the reporting for the attention of the Board of Directors and evaluates the LafargeHolcim Group's external and internal audit procedures, reviews the risk management system and assesses financing issues.

After closing of the Exchange Offer, the Finance and Audit Committee will be composed of four (4) members, two members appointed by Holcim and two members appointed by Lafarge. Members of the Finance and Audit Committee will be appointed after closing of the Exchange Offer by the Board of Directors of LafargeHolcim Ltd.

Strategy and Sustainable Development Committee

LafargeHolcim Ltd's Strategy and Sustainable Development Committee supports the Board of Directors in all strategy and sustainable development related matters. It monitors developments regarding strategic and sustainable development related matters and briefs the Board of Directors accordingly. The Strategy and Sustainable Development Committee deals with any matters within the Board of Director's authority which are urgent and may arise between scheduled ordinary Board of Directors meetings, including the authorisation to take preliminary action on behalf of the Board of Directors, followed by adequate information of the Board of Directors.

After closing of the Exchange Offer, the Strategy and Sustainable Development Committee will be composed of four members (two members appointed by Holcim and two members appointed by Lafarge). Members of the Strategy and Sustainable Development Committee will be appointed after closing of the Exchange Offer by the Board of Directors of LafargeHolcim Ltd.

2.5.3 Executive Committee

LafargeHolcim Ltd's Executive Committee is expected to be composed as follows:

Name	Position
Eric Olsen	Chief Executive Officer
Thomas Aebischer	Chief Financial Officer
Jean-Jacques Gauthier	Chief Integration Officer – Organization and Human Resources
Urs Bleisch	Member (Performance and Cost)
Gérard Kuperfarb	Member (Growth and Innovation)
Alain Bourguignon	Member (North America)
Roland Köhler	Member (Europe)
Saâd Sebbar	Member (Latin America)
Ian Thackwray	Member (Asia Pacific)
(Member to be appointed)	Member (Africa Middle East)

The members of the Executive Committee will be formally appointed by the Board of Directors immediately after closing of the Exchange Offer.

There have been no convictions of fraud or other finance or business-related crimes against any of the members of the Executive Committee in the last five years, and no legal proceedings against any such member of the Executive Committee by statutory or regulatory authorities (including designated professional associations) are ongoing or have been concluded with a sanction.

Eric Olsen

Eric Olsen has been with the Lafarge Group since 1999. He began his career as a Senior Accountant with Deloitte & Touche in New York. From 1992, he worked as senior associate at Paribas bank in Paris and then was partner at the consulting firm Trinity Associates in Greenwich, Connecticut, from 1993 to 1999. He joined Lafarge North America Inc. in 1999 as Senior Vice-President Strategy and Development. In 2001, he was appointed President of the Cement Division for the Northeast Region of North America and Senior Vice-President Purchasing for Lafarge North America Inc. He was appointed Chief Finance Officer of Lafarge North America Inc. in 2004. He was appointed Executive Vice-President for Organization and Human Resources and became a member of the Executive Committee on September 1, 2007. As of September 1, 2013, he was appointed Executive Vice-President Operations. He is a Member of the Supervisory Board of Cimpress N.V. (The Netherlands) and Chairman of the Board of the American School of Paris. Born in 1964, Eric Olsen is American and French national. He is a graduate in finance and accounting from University of Colorado and holds a Master's of Business Administration degree awarded by the École des Hautes Études Commerciales (HEC).

Thomas Aebischer

Thomas Aebischer has been Chief Financial Executive of Holcim and a member of the Executive Committee since 2011. In addition to this role, he has also been responsible for Procurement, IT, the Merger & Acquisitions and the HTS Accounting & Administration functions since 2012 and has been in charge of the corporate Investor Relations and Risk Management functions since 2014. He joined the Holcim Group in 1996 as Head Corporate Reporting at Holcim Group Support. He then became Head of Corporate Controlling in 1998, Chief Financial Executive of Holcim Apasco in Mexico in 2002 and Chief Financial Executive of Holcim US in

2003. Before joining Holcim, he worked for the Bern cantonal tax authorities in Switzerland and for PricewaterhouseCoopers in Hong-Kong and Zurich from 1988 to 1996. Born in 1961, Thomas Aebischer is a Swiss national. He is a Swiss certified public accountant and alumnus of the Advanced Management Program of Harvard Business School.

Jean-Jacques Gauthier

Jean-Jacques Gauthier has been Chief Financial Officer and Executive Vice-President, member of the Executive Committee of the Lafarge Group since 2001. He began his career with Ernst & Young in 1983 . In 1986, he joined the Finance department of the Matra group. From 1988 to 1991, he was the Chief Financial Officer of Matra Datavision in the United States and in 1988 joined the General Management of group Lagardère as Director of Audit of the Matra and Hachette groups. In 1993, he became the Chief Financial Officer of Matra Espace and in 1996, Deputy General Manager and Chief Financial Officer of the Franco-British company Matra Marconi Space. When Astrium was created in 2000 through the merger of the space activities of the Matra, GEC and Deutsche Aerospace groups, he becomes Deputy General Manager and Chief Financial Officer. Born in 1959, Jean-Jacques Gauthier is a French national and graduated in law and economics.

Urs Bleisch

Urs Bleisch has been Corporate Functional Manager at Holcim since 2012 and a member of Holcim Executive Committee since 2014. As Chief Executive Officer of Holcim Group Services Ltd and of Holcim Technology Ltd, he leads the global functions Customer Excellence (Marketing & Commercial), Aggregates & Construction Materials, Logistics, Cement Manufacturing. CAPEX Projects, Sustainable Development, Alternative Fuels and Resources, Innovation (including Knowledge Management) and the Program Management Office (PMO) for the Holcim Leadership Journey. He joined Holcim in 1994 as Head of IT at Holcim Switzerland, in 2000 he assumed Group-wide responsibility for IT, and in 2011 he became Head of the Information and Knowledge Management function at Holcim Group Support. Born in 1960, Urs Bleisch is a Swiss national. He holds a Master of Business and Economics from the University of Basel.

Gerard Kuperfarb

Gerard Kuperfarb has been with the Lafarge Group since 1992. He began his career in 1983 as an engineer at the Centre de Mise en Forme des Matériaux (CEMEF) of the École des mines de Paris, before joining the Composite materials Division at Ciba group in 1986, where he held sales and marketing functions. In 1989, he joined a strategy consulting firm in Brussels and Paris. He joined Lafarge in 1992 as Marketing Director for the Refractories business then became Vice-President for strategy at Lafarge Specialty Materials. In 1996, he became Vice-President Readymix concrete strategy in Paris. In 1998, he was appointed Vice-President/General Manager for the Aggregates & Concrete Business in Southwest Ontario (Canada) before heading the Performance group at Lafarge Construction Materials in North America in 2001. He joined the Aggregates & Concrete Division in Paris as Senior Vice-President Performance in 2002. From 2005 to August 2007, he was President of the Aggregates & Concrete Business for Eastern Canada. On September 1, 2007, he became Executive Vice-President, Co-President of the Aggregates & Concrete Business and a member of the Executive Committee. Since January 1, 2012, he has been Executive Vice-President Innovation. Born in 1961 Gerard Kuperfarb is a French national. He graduated from the École des mines de Nancy (France). He also holds a Master’s degree in Materials Science from the École des mines de Paris and an MBA from the École des Hautes Éudes Commerciales (HEC).

Alain Bourguignon

Alain Bourguignon joined Holcim in 1988 as Head of Controlling of Holcim France. He then became Chief Financial Officer of Holcim France in 1996, Chief Financial Officer of Holcim France-Benelux in 1998 and General Managing Director of Holcim France-Benelux in 2001. In 2007, he joined Holcim Spain as Chief Operating Officer and was later appointed Chief Executive Officer. In 2010, he became Chief Executive Officer of Aggregate Industries Europe and in 2014 Area Manager North America & the United Kingdom. Born in 1959, Alain Bourguignon is a French national. He holds a degree in economics and finance from the University of Lille, France, and is a certified public accountant.

Roland Köhler

Roland Köhler has been a member of the Holcim Executive Committee since 2010 and in charge of the Group region Europe since 2012. He joined Holcim in 1994 as a management consultant at Holcim Group Support. He then became Head of Corporate Controlling in 1995, Head of Business Risk Management in 1999 and Head of Corporate Strategy & Risk Management in 2002. In 2005 he was appointed Corporate Functional Manager responsible for Corporate Strategy & Risk Management and in 2010 Chief Executive Officer of Holcim Group Support. Before joining Holcim, he worked six years with the building materials group Hunziker, Switzerland, as Head of Finance and Administration. Born in 1953, Roland Köhler is a Swiss national. He holds a degree in business administration from the University of Zurich.

Saâd Sebbar

Saâd Sebbar has been Country Chief Executive Officer for Lafarge Morocco since 2012. He joined Lafarge in 1997 as a plant manager and subsequently held several other positions in operations. In 2002 he was appointed Managing Director of Lafarge-Titan Egypt. From 2004 to 2008, he held the position of Managing Director of Herakles General Company in Greece, and then became East Asia Regional President with responsibility for South Korea, Japan, Vietnam and the Philippines. Before joining Lafarge, he worked as an investment advisor and then as a consultant for management and organization. Born in 1965, Saâd Sebbar is a Moroccan and French national. He is an aeronautics engineer and graduated from the ESSEC Business School in Paris.

Ian Thackwray

Ian Thackwray has been responsible for the East Asia Pacific Region & Trading at Holcim since 2014 and has been a member of the Executive Committee since 2010. He joined Holcim in 2006 as Chief Executive Officer of Holcim Philippines. Before joining Holcim, he started his career in 1979 at Pricewaterhouse, handling major corporate accounts in Europe. In 1985 he moved to Dow Corning Corporation, serving in various management roles in Europe, North America and particularly in Asia. Born in 1958, Ian Thackwray is a British national. He holds a Master of Chemistry from Oxford University and is a chartered accountant.

A member of the Executive Committee in charge of operations in Africa and the Middle East will be appointed in due course and, in any case, no later than following the closing of the Exchange Offer.

2.5.4 Statements of the Board of Directors

To LafargeHolcim Ltd’s knowledge, there is no family relationship between any members of the Board of Directors (including the Co-Chairmen).

There have been no convictions of fraud or other finance or business-related crimes against any of the members of the Board of Directors (including the Co-Chairmen) in the last five years, and no legal proceedings against any such member of the Board of Directors by statutory or regulatory authorities (including designated professional associations) are ongoing or have been concluded with a sanction.

In addition, in the last five years, to LafargeHolcim Ltd’s knowledge: (i) no member of the Board of Directors (including the Co-Chairmen) has been associated with a bankruptcy, a sequestration of assets or liquidation, (ii) no member of the Board of Directors (including the Co-Chairmen) has been found guilty of any offence or been the object of official public sanction by the legal or administrative authorities (including designated professional organisations) and (iii) no member of the Board of Directors (including the Co-Chairmen) has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or business dealings of any issuer.

2.5.5 Conflicts of Interest

Except as disclosed herein or in the documents incorporated by reference herein (in particular with respect to the significant shareholdings of certain members of the Board of Directors or of entities affiliated with the members of the Board of Directors. See Section 2.5.1 of this Part I), to LafargeHolcim Ltd's knowledge, there are no potential conflicts of interest between the members of the Board of Directors duties to LafargeHolcim Ltd and their own private interests on the date of this Registration Document. Please also refer to Section 3.1.4(d) of the Lafarge 2014 Document de Référence in respect of current members of the Lafarge Board of Directors.

Other than the Combination Agreement or as otherwise disclosed in this Registration Document, to LafargeHolcim Ltd's knowledge, there is no pact or agreement entered into with the shareholders, customers, suppliers or other persons pursuant to which one of the members of the Board of Directors has been appointed to such position.

As of the date of this Registration Document, there are no restrictions agreed by the members of LafargeHolcim Ltd's Board of Directors on the sale of their future holdings in LafargeHolcim Ltd share capital (i.e. with respect to shares of LafargeHolcim Ltd that they will own after the closing of the Exchange Offer), with the exception of the rules relating to the prevention of insider trading and the customary restrictions on sale (five-year sale and pledge restriction period) pursuant to Holcim share awards plans which will be rolled over into future LafargeHolcim share awards plans (see Section 13.1.2 of Part II) or pursuant to Lafarge long-term incentive plans (Lafarge stock options plans and performance share plans).

2.5.6 Information on Service Contracts Linking Members of the Administrative and Management Bodies to LafargeHolcim Ltd or Any One of Its Subsidiaries

As at the date of this Registration Document, to LafargeHolcim Ltd's knowledge, there are no service contracts linking members of the Board of Directors to LafargeHolcim Ltd or any of its subsidiaries that provides them with benefits, other than their mandates as member of the Board of Directors of LafargeHolcim Ltd.

2.5.7 Positions Held by Members of the Board of Directors and the Chief Executive Officer Over the Last Five Years

The table below shows for each member of the Board of Directors positions held over the last five years.

Name	Current Positions	Positions held over the last five years that have ended
Wolfgang Reitzle	• Holcim Ltd(2), Switzerland, Chairman of the Board • Continental AG(2), Germany, Chairman of the Supervisory Board • Axel Springer SE, Germany, Member of the Supervisory Board • Hawesko Holding AG(2), Germany, Member of the Supervisory Board • Medical Park AG, Germany, Chairman of the Supervisory Board	• Linde AG(2), Germany, Chief Executive Officer • Medical Park AG, Germany, Member of the Supervisory Board • Ivoclar Vivadent AG, Lichtenstein, Member of the Board
Bruno Lafont	• Lafarge(2), France, Director, Chairman and Chief Executive Officer • EDF(2), France, Director • ArcelorMittal(2), Luxembourg, Director	• Positions in various subsidiaries of the Lafarge Group

	• Lafarge Shui On Cement Limited, China (a Lafarge Group company), Director	
Beat Hess..........................	• Holcim Ltd[2], Switzerland, Deputy Chairman of the Board of Directors • Nestlé S.A.[2], Switzerland, Member of the Board, Member of the Chairman's and Corporate Governance Committee, Chairman of the Compensation Committee • Sonova Holding AG[2], Switzerland, Vice Chairman of the Board, Member of the Nomination and Compensation Committee	• Royal Dutch Shell Group[2], Netherlands, Legal Director, Member of the Executive Committee
Bertrand Collomb.............	• Total[2], France, Director • DuPont[2], USA, Director • Atco[2], Canada, Director	• Lafarge[2], Director
Philippe Dauman.............	• Lafarge[2], France, Director • Viacom Inc.[2], USA, President, Chief Executive Officer and Director • National Amusements Inc., USA, Director	N/A
Paul Desmarais, Jr.	• Lafarge[2][4], France, Director • Total S.A.[2][4], France, Director • Power Corporation of Canada[2], Canada, Director • AppDirect, USA, Director • Steve Nash Fitness Centers, Canada, Director • Best Friends, Canada, Director The following positions are held as representative of Power Corporation of Canada: • Power Financial Corporation[2][4], Canada, Co-Chairman and Director • Pargesa Holding[2][4], Switzerland, Chairman of the Board of Directors and Deputy Managing Director • Great-West Life Assurance Company, Canada, Director and member of the Executive Committee • Great-West Life & Annuity Insurance Company, USA, Director and member of the Executive Committee	• GDF-Suez[2], France, Director • Crown Life Insurance Company, Canada, Director and member of the Executive Committee • 3819787 Canada Inc., Canada, Vice-Chairman of the Board

- Great-West Lifeco Inc. (2)(4), Canada, Director and member of the Executive Committee
- Groupe Bruxelles Lambert S.A.(2)(4), Belgium, Vice-Chairman of the Board, Director and member of the Permanent Committee
- Group Investors Inc., Canada, Director and member of the Executive Committee
- London Insurance Group Inc., Canada, Director and member of the Executive Committee
- London Life insurance company, Canada, Director and member of the Executive Committee
- Mackenzie Inc., Canada, Director and member of the Executive Committee
- Canada Life Assurance Company, Canada, Director and member of the Executive Committee
- Canada Life Financial Corporation, Canada, Director and member of the Executive Committee
- Canada Life Capital Corporation, Canada, Director and member of the Executive Committee
- Power Corporation International, Canada, Director and Chairman of the Board
- Square Victoria Communications Group Inc., Canada, Director and Vice-President of the Board
- IGM Financial Inc. (2)(4), Canada, Director and member of the Executive Committee
- Parjointco N.V., Netherlands, Member of the Supervisory Board
- Gesca Ltée, Canada, Director and Vice-President of the Board
- La Presse Ltée, Canada, Director and Vice-President of the Board
- Power Communications Inc., Canada, Director
- Putnam Investments LLC, USA, Director and member of the Executive Committee

	• Great-West Financial (Canada) Inc., Canada, Director • 171263 Canada Inc., Canada, Director and Chairman • 152245 Canada Inc., Canada, Director • GWL&A Financial Inc., USA, Director • Great-West Financial (Nova Scotia) Co., Canada, Director • Great-West Life & Annuity Insurance Company of New York, USA, Director • Power Financial Europe B.V., Netherlands, Member of the Supervisory Board • The Canada Life Insurance Company of Canada, Canada, Director and Member of the Management Board • SGS S.A.[2][4], Switzerland, Director	
Oscar Fanjul	• Lafarge[2], France, Director and Vice-Chairman of the Board • Omega Capital, Spain, Vice-Chairman • Marsh & McLennan Companies[2], USA, Director • Acerinox[2], Spain, Director	• Areva[2], France, Director • Deoleo, S.A.[2], Spain, Chairman • London Stock Exchange[2], United Kingdom, Director
Alexander Gut	• Holcim Ltd[2], Switzerland, Member of the Board, Chairman of the Audit Committee • Adecco S.A.[2], Switzerland, Member of the Board, Chairman of the Nomination & Compensation Committee, Member of the Audit Committee • Gut Corporate Finance AG, Switzerland, Managing Partner	• Adecco S.A.[2], Switzerland, Member of the Board, Member of the Audit Committee • Holcim Ltd[2], Switzerland, Member of the Board, Member of the Audit Committee
Gérard Lamarche.............	• Lafarge[2][5], France, Director • Legrand[2], France, Director • Total S.A.[2][5], France, Director • GDF Suez[2][5], France, Censor • Groupe Bruxelles Lambert S.A. [2], Belgium, Managing Director • SGS[2][5], Switzerland, Director	• Suez Environnement Company, France, Director • GDF Suez Energy Services, France, Director • Suez Environnement, France, Director • Electrabel, Belgium, Director • International Power plc[2], United Kingdom, Director • Europalia International, Belgium, Director

		• GDF Suez, Belgium, Director • Sociedad General de Aguas de Barcelona, Spain, Director • Suez-Tractebel S.A., Belgium, Director • Fortis Banque S.A., Belgium, Director
Adrian Loader	• Holcim Ltd[2], Switzerland, Member of the Board • Oracle Coalfields PLC[2], UK, Chairman of the Board • GardaWorld, Canada, Member of the International Advisory Board • Alderon Iron Ore[2], Canada, Member of the Board • Sherrit International Corporation[2], Canada, Member of the Board	• Bema Capital Group, USA, Member of the Advisory Board • Compton Petroleum Corporation[2], Canada, Chairman of the Board • Lane, Clark & Peacock, UK, Member of the Advisory Board • Candax Energy Inc.[2], Canada, Chairman of the Board • Air Products & Chemicals[2], USA, Member of the European Advisory Board
Nassef Sawiris	• Lafarge[2], France, Director • OCI N.V. [2], The Netherlands, Director and Chief Executive Officer • OCI Partners LP[2], USA, Director • BESIX, Belgium, Director	• Orascom Construction Industries S.A.E. (OCI) [2], Egypt, Chairman and Chief Executive Officer • NNS Holding Sàrl, Luxembourg, Director • Nasdaq DIFX (Dubai International Stock Exchange), United Arab Emirates, Director • Lafarge Cement Egypt S.A.E., Egypt, Chairman and positions in various subsidiaries of the Lafarge Group • Several subsidiaries of OCI Group, Egypt, Director and General Manager
Thomas Schmidheiny.......	• Holcim Ltd[2], Switzerland, Member of the Board • Schweizerische Cement-Industrie-Aktiengesellschaft[3], Switzerland, Chairman of the Board • Spectrum Value Management Ltd.[3], Switzerland, Chairman of the Board • Abraaj Holdings, United Arab Emirates, Member of the Board	
Hanne Birgitte Breinbjerg Sørensen.........	• Holcim Ltd[2], Switzerland, Member of the Board • Damco International B.V., Netherlands, Chief Executive Officer	• The International Tanker Owners Pollution Federation Limited (ITOPF), United Kingdom, Member of the Board • Maersk Tankers A/S, Danmark, Chief Executive Officer • Höegh Autoliners Holdings A/S,

		Norway, Deputy Chairman • Axcel, Denmark, Member of the Board • INTTRA Inc, USA, Member of the Board • Maersk Line, Denmark, Chief Commercial Officer
Dieter Spälti	• Holcim Ltd[(2)], Switzerland, Member of the Board • Rieter Holding AG[(2)], Switzerland, Member of the Board • Schweizerische Cement-Industrie-Aktiengesellschaft[(3)], Switzerland, Member of the Board • Spectrum Value Management Ltd.[(3)], Switzerland, Member of the Board	

Notes:

(1) As of April 29, 2014.

(2) Listed company.

(3) Related mandate of the same Board Member (company of the same group or mandate related to another mandate – e.g. association membership).

(4) These positions are held as representative of Power Corporation of Canada.

(5) These positions are held as representative of Groupe Bruxelles Lambert S.A.

The table below shows positions held by Eric Olsen over the last five years.

Name	**Current Positions**	**Positions held over the last five years that have ended**
Eric Olsen	• Cimpress NV[(1)], the Netherlands, Member of the Supervisory Board • The American School of Paris, Chairman of the Board of Trustees • Lafarge Group, Executive Vice-President Operations • Lafarge Group, positions in various subsidiaries	• Lafarge Group, Executive Vice-President Organization and Human Ressources • Lafarge Group, positions in various subsidiaries

Note:

(1) Listed company.

2.5.8 Corporate Governance

LafargeHolcim Ltd will adhere to the principles set out in the Swiss Code of Best Practice for Corporate Governance. As a company listed on the SIX Swiss Exchange, LafargeHolcim Ltd will also continue to be subject to the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance.

The Swiss Federal Council Ordinance against Excessive Compensation (OaEC) extends the powers of the Annual Shareholders' Meeting in relation to elections. Further, the Annual Shareholders' Meeting must approve the compensation of the Board of Directors and the Executive Committee in a binding vote. In addition, the OaEC requires, among other things, the Articles of Association to comprise provisions regarding (i) the basic principles of the powers and duties of the compensation committee, (ii) the basic principles of the compensation of the members of the Board of Directors and the Executive Committee, (iii) the number of permissible mandates of members of the Board of Directors and the Executive Committee outside the Holcim Group and after closing of the Exchange Offer the LafargeHolcim Group, (iv) the duration and termination notice periods of their employment or similar agreements as well as (v) the maximum amount of loans to the members of the Board and the Executive Committee.

The OaEC requires the Annual Shareholders' Meeting to elect the members of the Board, the Chairman of the Board, the members of the Nomination & Compensation Committee and the independent voting rights representative. The election of the members of the Board and the Nomination & Compensation Committee shall be held individually. The term of office is one year each and extends until completion of the next Annual Shareholders' Meeting, subject to resignation and removal. If the office of the Chairman is vacant, the Board shall appoint a substitute for a term of office extending until completion of the next Annual Shareholders' Meeting. Similar provisions are stipulated for vacancies on the Nomination & Compensation Committee and if the company does not have an independent voting rights representative. Art. 9 para. 3, Art. 8 item 5 as well as Arts. 14 para. 2, 15 and 20 para. 2 of LafargeHolcim Ltd's Articles of Association implement these requirements.

The representation of shareholders at the Shareholders' Meeting by depository institutions such as banks and by the company proxy is no longer permitted under the OaEC. Shareholders may be represented by their legal representative, the independent voting rights representative or (with a written power of attorney) by another shareholder with the right to vote. Art. 9 para. 1 of LafargeHolcim Ltd's Articles of Association implements these requirements.

Pursuant to the OaEC, the Articles of Association must establish the main principles of the powers and duties of the Compensation Committee. Art. 21 of LafargeHolcim Ltd's Articles of Association implements that the "Nomination, Compensation and Governance Committee" shall support the Board of Directors in establishing and reviewing the company's nomination, compensation and governance strategy and guidelines and in preparing the resolutions for the Annual Shareholders' Meeting regarding the nomination and compensation of the members of the Board of Directors and of the Executive Management. It may submit motions to the Board of Directors in other nomination, compensation and governance-related issues. The Board of Directors shall determine in the Articles of Association, the Organizational Rules or the Committee Charter for which positions of the Board of Directors and of the Executive Management, the Nomination, Compensation and Governance Committee shall submit (with or without the involvement of the Chairman of the Board of Directors) motions to the Board of Directors for the applicable performance criteria, targets, and compensation levels, and for which positions the Nomination, Compensation and Governance Committee shall itself determine, in accordance with the compensation guidelines established by the Board of Directors, the applicable performance criteria, targets and compensation levels. The Board of Directors may delegate further tasks and powers to the Nomination, Compensation & Governance Committee. Art. 20 of LafargeHolcim Ltd's Articles of Association governs the number of members, the constitution and the organization of the Nomination, Compensation and Governance Committee.

The OaEC further requires that the main principles of performance- and share-based compensation are determined in the Articles of Association. Arts. 23, 24 and 25 of LafargeHolcim Ltd's Articles of Association allow

Holcim and, following closing of the Exchange Offer, LafargeHolcim Ltd to continue to apply its performance-tied compensation system. At the same time, they allow the company, within the limitations set forth in the Articles of Association, to adjust its compensation system in view of evolving or new best practices relating to the compensation of the members of the Board of Directors and of the Executive Management. Members of the Board of Directors are paid a fixed compensation. Executives are paid fixed compensation elements and variable compensation elements. The variable compensation depends on the performance of the company and the achievement of certain performance criteria. The performance criteria may include individual targets, targets of the company or parts thereof, the Combined Group and targets in relation to the market, other companies or comparable benchmarks, taking into account position and level of responsibility of the recipient of the variable compensation.

The shareholders are required to annually approve the compensation of the Board of Directors and the Executive Committee. According to the Art. 8 item 4 and Art. 23 of LafargeHolcim Ltd's Articles of Association, the maximum aggregate amount of compensation for the Board of Directors shall be approved for their following term of office. This ensures that the compensation period and the term of office are linked. The maximum aggregate amount of compensation of the Executive Management shall be approved for the following financial year. This provides for appropriate planning certainty of both LafargeHolcim Ltd and its executives. To the extent appropriate, the Board of Directors may submit alternate or additional proposals relating to the same or different periods for approval. In the event that the shareholders do not approve a proposed compensation amount, the Board of Directors shall determine, taking into account all relevant factors, the respective maximum aggregate amount of compensation or maximum partial amounts for specific compensation elements, and submit the amount(s) so determined for approval by a Shareholders' Meeting.

The OaEC provides that the Articles of Association may determine a supplementary amount for the compensation of those executives who join the Executive Committee, or are being promoted within the Executive Committee, after the Shareholders' Meeting has approved the maximum compensation. Out of this supplementary amount, LafargeHolcim may pay out the compensation of such Executive Committee members throughout the compensation periods already approved by the shareholders. Art. 24 implements that the supplementary amount per compensation period per each such member shall not exceed 40 per cent. of the aggregate amount of compensation last approved by the Shareholders' Meeting.

The compensation actually paid within the maximum amounts approved by the Shareholders' Meeting must be disclosed in a compensation report governed by the OaEC. The compensation report must be prepared by the Board of Directors, be audited and made available to shareholders for inspection. The amendments to Art. 17 para. 2 item 2 and Art. 12 para. 2 of LafargeHolcim Ltd's Articles of Association implement this requirement.

In addition, Art. 23 para. 4 of LafargeHolcim Ltd's Articles of Association implements that the Board of Directors submits the annual compensation report to an advisory vote of the Shareholders' Meeting.

Agreements relating to the compensation of members of the Board of Directors and the Executive Management may be entered for a fixed term not exceeding one year or for an indefinite term with a termination notice period of no more than one year. The Articles of Association must determine the maximum term and the maximum termination notice period. Art. 26 of LafargeHolcim Ltd's Articles of Association implements this requirement. It requires that the duration and termination of agreements with members of the Board of Directors shall comply with the term of office and the law. With regard to members of the Executive Management, the provision ensures that LafargeHolcim Ltd may continue to protect itself from sudden terminations by means of adequate termination notice periods. The provision further allows LafargeHolcim Ltd to enter into non-compete agreements for the time after termination of the employment agreement. The annual consideration for such non-compete agreement for a duration of up to one year shall not exceed 50 per cent. of the total annual compensation last paid to such member of the Executive Management.

The OaEC further requires that the Articles of Association determine the maximum number of mandates a member of the Board of Directors or the Executive Committee may hold in the supreme governing body (the Board of Directors in case of a stock corporation) of legal entities that are required to be registered in the Swiss Commercial Register or a comparable foreign register. Mandates in companies controlled by LafargeHolcim Ltd are exempt by law from these limitations.

Art. 27 of LafargeHolcim Ltd's Articles of Association implements that members of the Board of Directors may hold no more than ten additional external mandates of which no more than four may be in listed companies. The mandates of members of the Executive Management are limited to five additional mandates of which only one mandate may be in a listed company. These limitations are to ensure that the members of the Board of Directors and the Executive Management have sufficient time to dedicate to their office with LafargeHolcim Ltd. The mandates in companies which are controlled by the LafargeHolcim Ltd or which control LafargeHolcim Ltd are not subject to these limitations. Further, members of the Board and the Executive Management may hold a limited number of mandates in companies at the request of LafargeHolcim Ltd (e.g., in non-controlled joint ventures) or in charitable organizations, foundations, associations, educational institutions, non-profit institutions, etc. Mandates related to entities directly or indirectly controlled by the same person or entity, under common control or accepted at the request of any such person or entity are to be counted as one single mandate.

Irrespective of these limitations, each Board and Executive Management member is obliged by law and his or her employment or mandate agreement to perform his or her duties to LafargeHolcim Ltd with due care. This includes, among other things, the obligation to have sufficient time and resources available to dedicate to LafargeHolcim Ltd.

On January 1, 2013, revised accounting laws came into force. As of the financial year 2015, the Board of Directors will have to prepare a "management report" instead of an "annual report", which is subject to approval of the Shareholders' Meeting. The amendment to Art. 17 para 2 item 2 and Art. 8 para. 2 implements this change of law.

The amendments in Art. 16 paras. 4 and 5 and Art. 20 para. 3 reflect the supermajority requirement for certain resolutions of the Board of Directors, and the abolition of the casting vote of the Chairman and the chair of the Nomination, Compensation and Governance Committee.

2.5.9 Compensation of the Board Of Directors and of the Executive Management

At Holcim's Extraordinary Shareholders' Meeting held on May 8, 2015, shareholders have approved, subject to the completion of the Exchange Offer, that the total maximum amount of compensation for the members of the Board of Directors, covering the period from the 2015 Annual General Meeting to the 2016 Annual General Meeting, shall be CHF 6,950,000.

At Holcim's Extraordinary Shareholders' Meeting held on May 8, 2015, shareholders have also approved, subject to the completion of the Exchange Offer, that the total maximum amount of compensation of the Executive Management, covering the period of the financial year 2016, shall be CHF 40.5 million.

2.6 Activities to Be Divested by Holcim and Lafarge

Overview

Holcim and Lafarge will divest (the "**Divestiture**"), subject to certain conditions, certain entities and businesses as part of a rebalancing of the global portfolio of the Combined Group resulting from the Merger and to address regulatory concerns[1]. Accordingly, Holcim, Lafarge and the Philippine Sellers (as defined below) received from affiliates of CRH International (the "**CRH**"), an irrevocable binding offer (the "**CRH Binding Offer**") to acquire certain businesses (the "**CRH Divested Businesses**") for an enterprise value of EUR6.5 billion (CHF6.8 billion based on exchange rates as at January 30, 2015)[2], payable in cash on the closing date of the Divestiture. The agreement that would, should such offer be accepted, govern the sale of the CRH Divested Businesses other than the entities and businesses in the Philippines described below (the "**Philippine Divested Businesses**") is hereinafter referred to as the "**CRH Divestiture Agreement**" and the agreement to sell the Philippine Divested Businesses is hereinafter referred to as the "**Philippine Divestiture Agreement**". Under the Philippine Divestiture Agreement, the sellers of the Philippine Divested Businesses will be Lafarge Holdings (Philippines), Inc. (LHPI) and other third-party sellers (Calumboyan Holdings, Inc. (CHI), Round Royal, Inc. (RRI) and Southwestern Cement Ventures, Inc. (SWCVI)), which are hereinafter referred to as the "**Philippine Sellers**". At an extraordinary general meeting held on March 19, 2015, the shareholders of CRH approved the acquisition of the CRH Divested Businesses, substantially on the terms and subject to the conditions of the share purchase agreement to be entered into pursuant to the CRH Binding Offer.

In India, Holcim and Lafarge received clearance from the Competition Commission of India, subject to the divestment of certain businesses (the "**Indian Divested Businesses**") in Eastern India.

In the United States, Holcim and Lafarge have negotiated with the staff of the Federal Trade Commission the divestment of certain businesses (the "**US Divested Businesses**").

In Mauritius, Holcim and Lafarge have offered to the Competition Commission of Mauritius (MCC) the divestment of all of Holcim's assets in Mauritius (the "**Mauritian Divested Businesses**", and together with the CRH Divested Businesses, the Indian Divested Businesses and the US Divested Businesses, the "**Divested Businesses**").

Holcim and Lafarge have obtained clearance of the Merger by the competition authorities in the following jurisdictions: Brazil, Canada, China, Common Market for Eastern and Southern Africa (COMESA), European Union, India, Kenya, Mexico, Morocco, Russia, Serbia, Singapore, South Africa, Tanzania, Turkey, Ukraine and the United States.

Clearance by the competition authority of Mauritius is expected by the end of May 2015. The review of the Indonesian competition authority, which is based on a voluntary filing, is also ongoing. The reviews by the competition authorities of Indonesia and of Mauritius have no suspensive effect on the Exchange Offer or the Merger.

All competition approvals required prior to the closing of the transaction have been obtained.

The closing date of the Divestiture will be as soon as practicable after the conditions precedent described below are satisfied, which is currently expected to occur in July 2015.

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[1] The summary set forth herein of relevant terms and conditions of the Divestiture is a summary of (i) the agreement which will enter into force if Holcim Ltd and Lafarge S.A., after completion of the relevant works council consultation procedures, exercise their option to accept the terms of the final, binding, irrevocable offer made by CRH International pursuant to an offer letter dated January 31, 2015 (the "**Offer Letter**") in accordance with its terms and (ii) the agreement entered into between Lafarge Holdings (Philippines), Inc. (LHPI) and other third-party sellers (Calumboyan Holdings, Inc. (CHI), Round Royal, Inc. (RRI) and Southwestern Cement Ventures, Inc. (SWCVI)) and CRH International.

[2] The enterprise value of €6.5 billion is based on exchange rates as at January 30, 2015. The consideration will be paid in a combination of Euro, Sterling and Canadian Dollars.

Both companies will continue to cooperate with the relevant authorities to satisfy regulatory requirements.

The CRH Divested Businesses

The CRH Divested Businesses include affiliated entities and businesses of Holcim and Lafarge located in the United Kingdom, Continental Europe, Canada, the United States, the Philippines, Brazil and the Indian Ocean island of La Réunion. In particular, the CRH Divested Businesses include the following assets:

CRH Divested Businesses in Europe:

- *France*: in metropolitan France, all of Holcim's assets, except for its Altkirch cement plant and aggregates and ready-mix sites in the Haut-Rhin region, and a grinding station of Lafarge in Saint-Nazaire; Lafarge's assets on La Réunion island, except for its shareholding in Ciments de Bourbon;
- *Germany*: all of Lafarge's assets;
- *Hungary*: all of Holcim's operating assets;
- *Romania*: all of Lafarge's assets;
- *Serbia*: all of Holcim's assets;
- *Slovakia*: all of Holcim's assets; and
- *United Kingdom*: Lafarge Tarmac (following the acquisition from Anglo-American of the remaining 50 per cent. interest in Lafarge Tarmac not currently owned by Lafarge, for which an agreement has been entered into, for a price of GBP885 million), excluding the Cauldon cement plant and related assets and the Cookstown plant that will be retained by LafargeHolcim.

CRH Divested Businesses outside of Europe

- *Canada*: all of Holcim's assets;
- *United States*: Holcim's Trident cement plant (Montana) and some terminals in the Great Lakes area;
- *The Philippines*: the shares of Lafarge Republic, Inc. (LRI) and other specific assets of the Philippine Sellers, except LRI's (i) investment in Lafarge Iligan, Inc., Lafarge Mindanao, Inc. and Lafarge Republic Aggregates, Inc., (ii) Star Terminal at the Harbour Center, Manila, and (iii) other related assets (as further described in the Paragraph "The Philippine Divestiture Agreement" below); and
- *Brazil*: assets from both Holcim and Lafarge, which include three integrated cement plants and two grinding stations (with a total of 3.6 mtpa cement capacity), as well as some ready-mix plants located in the Southeastern region of Brazil.

In 2014, on a pro forma basis and including the contribution of Lafarge Tarmac UK on a 100 per cent. basis., the CRH Divested Businesses generated aggregated sales of EUR5.2 billion (CHF6.3 billion using an average exchange rate for the year ended December 31, 2014) and an estimated aggregated operating EBITDA of EUR744 million (CHF904 million using an average exchange rate for the year ended December 31, 2014).

The total cement production capacity of the CRH Divested Businesses as of December 31, 2014 was 36.0 mtpa. In 2014, the CRH Divested Businesses sold 18.1 mt of cement, 27.1 mt of aggregates and 7.3 million m^3 of ready-mix concrete. The CRH Divested Businesses also produce asphalt and other products, and conduct road contracting and other construction activities, primarily in Canada and in the United Kingdom.

For further information about the CRH Divested Businesses and the impact of their divestiture on the Unaudited Pro Forma Financial Information of LafargeHolcim, please refer to Section 4 of Part I.

The CRH Divestiture Agreement

Pursuant to the CRH Divestiture Agreement, the sale of the CRH Divested Businesses to the Purchaser will be made, subject to certain conditions, for an enterprise value of EUR6.5 billion (CHF6.8 billion). The EUR6.5 billion figure is based on exchange rates as of January 30, 2015. The aggregate purchase price is payable by CRH in cash at closing in a combination of Euro, Sterling and Canadian Dollars. It is expected that most of the proceeds of the sale of the CRH Divested Businesses will be allocated to the repayment of financial liabilities in order for LafargeHolcim to meet financial ratios requirements for a solid investment grade credit rating.

Conditions Precedent

The completion of the Divestiture pursuant to the CRH Divestiture Agreement is subject to the following conditions (the "**Conditions Precedent**"):

- The agreement between Holcim and Lafarge relating to the Merger not having been terminated;
- The successful closing of the Exchange Offer by Holcim for the shares of Lafarge; and
- The completion of certain corporate and other reorganization steps in order to prepare the transfer of the CRH Divested Businesses to the Purchaser.

Regulatory Approvals of the Divestiture

The approval of CRH as acquirer and the terms of the CRH Divestiture Agreement (and certain other agreements related to the Divestiture) by the antitrust authorities in Brazil, Canada, Serbia and the European Union (the "Antitrust Authorities") is required (such approvals collectively, the "Purchaser Competition Approvals").

In addition, CRH is responsible for obtaining regulatory approvals regarding the Divestiture itself, including under competition laws and other laws such as those relating to foreign investment regimes. Such regulatory approvals are not conditions precedent to the completion of the Divestiture. Under the CRH Divestiture Agreement, CRH will undertake all commitments and structure its acquisition of the CRH Divested Businesses so as to obtain such regulatory approvals before the Long Stop Date (as defined below) and where it cannot do so, it will wherever possible structure its acquisition of the CRH Divested Businesses in such a way as to allow closing to occur without obtaining any such regulatory approval.

The Divestiture will close as soon as practicable following the satisfaction of the Conditions Precedent and the granting of the additional regulatory approvals. Purchaser Competition Approvals have been granted in each of Brazil, the European Union and Serbia. Purchaser Competition Approval in Canada will be granted at the same time as the competition authority in Canada clears the Merger (see above).

Termination of the CRH Divestiture Agreement and Break Fees

The CRH Divestiture Agreement provides that the long stop date for closing the transaction will be the earlier to occur of the day which is three months after the date of the successful closing of the Exchange Offer by Holcim for shares of Lafarge or December 31, 2015, but in any case no earlier than August 31, 2015 (the "Long Stop Date"). If any of the Conditions Precedent has not been satisfied or waived by that day, the CRH Divestiture Agreement will automatically terminate. If all Conditions Precedent have been obtained by the Long Stop Date but some regulatory approvals have not been obtained, the Divestiture Trustee Trigger will apply, as described below.

If all of the Purchaser Competition Approvals have not been received within four months of January 31, 2015, or if at any time before the Long Stop Date any relevant governmental entity were to expressly deny a Purchaser Competition Approval, the CRH Divestiture Agreement provides that Holcim and Lafarge will have the option, exercisable at any time until the Long Stop Date, to terminate the CRH Divestiture Agreement.

If the CRH Divestiture Agreement terminates either because the agreement between Holcim and Lafarge relating to the Merger has been terminated or the Exchange Offer by Holcim for the shares of Lafarge has not successfully closed, a termination fee of 50 per cent. of EUR157.8 million, or EUR78.9 million, will be payable by each of Holcim and Lafarge to CRH within five business days following the date of such termination.

Divestiture Trustee Trigger

The CRH Divestiture Agreement further provides that if all of the Conditions Precedent have been satisfied by the Long Stop Date, but CRH has not obtained the required regulatory approvals for the Divestiture, a "divestiture trustee" will be appointed in order to sell the CRH Divested Businesses for which regulatory approval has not been obtained on behalf of Holcim and Lafarge. The divestiture trustee will be one or more persons to be approved by the Antitrust Authorities.

In such event, CRH will be required to pay into secured accounts (one for each of Holcim and Lafarge) the amount of the purchase price allocated to the relevant CRH Divested Businesses, and CRH will be granted security over those accounts. The divestiture trustee would be appointed to sell the CRH Divested Businesses to any third party (including to CRH, if it finally obtains the required regulatory approvals). If the price received by the divestiture trustee (less certain taxes and charges) is less than the purchase price in the CRH Divestiture Agreement, the shortfall will be paid to LafargeHolcim from the security accounts. Any remaining amounts will be refunded to CRH without interest. Following a disposal of the CRH Divested Business by the divestiture trustee, the security over the security accounts will be immediately released to CRH.

Indemnities and Limitations on Liability

The CRH Divestiture Agreement contains a limited number of specific indemnities provisions pursuant to which Holcim and Lafarge may have to indemnify CRH against any loss actually incurred by it in certain circumstances, including in respect of certain tax, antitrust and environmental matters.

The indemnities are subject to customary limitations, including in respect of time limits, threshold per claim and maximum limit for all claims.

The Philippine Divestiture Agreement

Under the terms of the Philippine Divestiture Agreement, subject to CRH entering into arrangements with a local purchaser in the Philippines before August 15, 2015 so as to comply with the relevant foreign ownership restrictions under the laws of the Philippines, CRH has the exclusive right and option (the "call option") to purchase the Philippine Divested Businesses. Subject to fulfilment of the local purchaser condition, the Philippine Sellers may also oblige CRH to acquire the Philippine Divested Businesses on the same terms (the "put option"). The call option and put option are exercisable within five business days of the fulfilment of the local purchaser condition.

The Philippine Divestiture Agreement differs from the CRH Divestiture Agreement in the following material respects:

- The Philippine Divestiture Agreement includes additional conditions to closing: (i) that CRH enters into arrangements with a local purchaser in the Philippines as stated above, and (ii) the closing of the CRH Divestiture Agreement;
- If arrangements with a local purchaser are not made by August 15, 2015, then an independent bank will be appointed on a basis similar in all material respects to the divestiture trustee provisions of the CRH Divestiture Agreement; and
- CRH and the local purchaser will be required to make a mandatory cash tender offer to the minority shareholders of LRI. Such tender offer to the minority shareholders must be on the same terms as those offered to the Philippines Sellers under the Philippine Divestiture Agreement.

Transitional Services Agreement and Supply Agreements

To help ensure that Holcim, Lafarge and CRH can each continue to effectively conduct their businesses from the closing of the Divestiture without undue disruption, the parties have agreed to enter into a transitional services agreement (the "Transitional Services Agreement") pursuant to which Holcim and Lafarge will severally agree to provide certain services for the CRH Divested Businesses for a period of up to 18 months (subject to possible extension under certain conditions) after the closing of the Divestiture. Services which are currently being discussed include the following: accounting/back office, procurement support, technical assistance/project engineering, and IT services. The Transitional Services Agreement will also set out the terms under which LafargeHolcim will supply certain services to CRH and its affiliates.

Holcim and Lafarge will also enter into supply agreements pursuant to which the relevant Holcim and Lafarge entities will continue to supply the goods currently supplied to the relevant customers for an agreed period of time (varying generally from 6 to 36 months) after the closing of the Divestiture. The supply agreements to be entered into with the divested companies are expected to generate an insignificant volume of income with respect to the LafargeHolcim Group's income taken as a whole.

Intellectual Property License Agreements

As of closing of the Divestiture, each of Holcim and Lafarge will separately grant CRH and its affiliates non-exclusive, non-transferable and non-sublicensable licenses to use certain of their respective patents, registered corporate and product trademarks, software and know-how used in the manufacture or distribution of their respective products. CRH may in turn sub-license these licenses only to persons it controls.

These patents, trademarks, software and know-how must generally be used in the same manner as they were used in the 18 months prior to closing of the Divestiture and only in each territory in which such patents, trademarks, software and know-how were so used. Each license will expire in accordance with agreed applicable phase-out periods, which will generally vary from 6 to 18 months after the closing of the Divestiture.

The Indian Divested Businesses

Holcim and Lafarge received clearance from the Competition Commission of India (CCI) for the proposed Merger. A package of asset divestments has been agreed with the CCI which includes the Sonadih cement plant and the Jojobera grinding station from Lafarge (with a cement production capacity of approximately 5 mtpa) in Eastern India.

The Indian divestment process will be completed subject to the closing of the Merger.

The US Divested Businesses

The US Divested Businesses include:

- Lafarge's 1.1 mt Davenport cement plant (Iowa) and 7 terminals along the Mississippi River to be sold to Summit Materials ("Summit") for a total consideration of USD450 million (equivalent to EUR420 million) in cash, plus Summit's Bettendorf, Iowa, cement terminal. In 2014, these businesses represented USD46.5 million of EBITDA and USD270 million 2014 of net asset value;
- 3 Holcim terminals in Michigan and Illinois to be sold to Buzzi Unicem;
- Holcim Skyway 600 kt slag grinding station in Illinois to be sold to Eagle Materials; and
- Holcim Camden 700 kt slag grinding station in New Jersey, along with a terminal in Massachusetts to be sold to Essroc/Italcementi.

The divestments will be completed subject to the closing of the Merger.

The Mauritian Divested Businesses

Holcim and Lafarge have offered to the Competition Commission of Mauritius (MCC) to divest all of Holcim's assets in Mauritius.

The divestments will be completed subject to acceptance by the MCC and to the closing of the Merger.

2.7 Dividend Policy

For shareholders of Holcim and Lafarge, LafargeHolcim will seek to generate value and an attractive dividend policy, while applying a disciplined approach to capital allocation to improve returns on capital employed, generate strong cash flows and maintain a solid investment grade credit rating.

Holcim and Lafarge agreed that a post-closing exceptional scrip dividend will be paid after the closing of the re-opened Exchange Offer in respect of all LafargeHolcim Shares, including the New Holcim Shares exchanged for Lafarge Shares tendered to the Exchange Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim Share for twenty existing LafargeHolcim Shares, subject to the successful closing of the Exchange Offer. The authorized share capital based on which the Board of Directors of LafargeHolcim is authorized to distribute the scrip dividend was approved at the Holcim Shareholders' Meeting of May 8, 2015.

Although LafargeHolcim dividends will be declared and principally paid in Swiss Francs, LafargeHolcim currently contemplates the possibility to pay dividends in Euros to LafargeHolcim shareholders holding their shares through Euroclear France, in pure registered form, in administered form or in bearer form. The amount of the dividend in Euro will be set by LafargeHolcim on the basis of the then applicable CHF/EUR exchange rate.

3 Risk Factors

Investors should carefully consider all of the information set forth in this Registration Document, including the risk factors set forth in this section, those pertaining to Holcim in Section 2 of Part II and those pertaining to Lafarge in Section 5.1 of the Lafarge 2014 Document de Référence incorporated herein by reference. The risk factors set forth in this Section, in Section 2 of Part II and in Section 5.1 of the Lafarge 2014 Document de Référence are, as of the date of this Registration Document, the risks that the LafargeHolcim Group believes, were they to occur, could have a material adverse effect on respectively its business, results of operations, financial condition and prospects. Investors should note that there may be other risks that have not yet been identified as of the date of this Registration Document, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect on the LafargeHolcim Group's business, results of operations, financial condition and prospects.

3.1 Risks Related to the Exchange Offer and the Merger

3.1.1 Failure to Integrate and to Realise the Expected Synergies

Achieving the advantages of the Merger will depend partly on the rapid and efficient integration of the activities of Holcim and Lafarge. The Merger will involve the integration of two complex groups of considerable size covering a wide range of activities, which currently function independently. Achieving the synergies targeted in the Merger will therefore depend on the level of success of the integration.

The goal of Holcim and Lafarge in the combination of their businesses is to increase the value created by the Combined Group. These gains will come from operational optimization, cost synergies in procurement and selling, general and administrative expenses synergies, deployment of innovations on a larger scale and financing, capital expenditures and working capital synergies. However, LafargeHolcim could encounter substantial difficulties in the implementation of the measures intended to generate these synergies and/or fail to achieve the operational advantages and synergies expected from the Merger. The costs incurred to achieve these synergies could be higher than anticipated or there may be additional unanticipated costs that exceed the expected synergies, which may result in the Merger destroying shareholders' value.

Among the events that could make the integration more difficult and result in failed synergies and increased costs are the following:

- Key employees, including the top management, could leave the Combined Group because of the uncertainties and difficulties related to the integration of the two companies, or because of a general desire not to remain within the Combined Group;
- Inconsistencies between the standards, controls, procedures and rules, the business culture and the organization of both groups and the need to implement, integrate and harmonize different operational systems and procedures which are specific to the two companies, such as the financial and accounting systems and other computer systems;
- Holcim and Lafarge are conducting works councils' consultations in view of obtaining the opinion of the relevant works councils regarding the Merger. If the opinion of the relevant works councils is not obtained in time or if the information and consultation of the relevant work councils is not completed in time, this might negatively impact the consummation of the Merger.
- Clients of both companies could switch to other suppliers because of an adverse perception of the Merger, including as a result of the departure of certain managers and employees or because clients consider that they do not receive the proper service or attention; and

- The existence of minority shareholders in Lafarge S.A., if not all of the Lafarge shares are tendered in the Exchange Offer and Holcim Ltd is not in a position to effect a squeeze-out offer, could impede the integration.

The anticipated level of synergies from the Merger is also based on a number of assumptions, many of which depend on factors that are beyond the control of LafargeHolcim, including the materialization of the risks relating to the activities of Holcim and Lafarge, and, going forward, of LafargeHolcim, as indicated in this Section 3, but also in the risk factors pertaining to Holcim described in Section 2 of Part II and those pertaining to Lafarge which are described in Section 5.1 of the Lafarge 2014 Document de Référence incorporated herein by reference. Any of these factors, among others, could result in the actual level of revenue and/or synergies being lower than anticipated.

Failure to successfully integrate the two companies and to achieve the expected synergies and costs related to the integration would materially and adversely affect LafargeHolcim's activities, result of operations, financial conditions and prospects.

3.1.2 Indicative Nature of the Unaudited Pro Forma Financial Information

LafargeHolcim's Unaudited Pro Forma Financial Information has been prepared assuming that 100 per cent. of the shares of Lafarge will be tendered in the Exchange Offer and to illustrate the effect of such acquisition of 100 per cent. of the shares of Lafarge by Holcim and of the Divestitures, as if they had both been completed on January 1, 2014 for the purposes of the Unaudited Pro Forma Statement of Income, and on December 31, 2014 for the purposes of the Unaudited Pro Forma Statement of Financial Position. LafargeHolcim's Unaudited Pro Forma Financial Information was prepared on the basis of a number of assumptions as outlined in "Note 1 : Description of the Transaction and basis of preparation" of the Notes to the Unaudited Pro Forma Financial Information set out in Section 4.3 of this Part I. The Unaudited Pro Forma Financial Information does not reflect the operating results or financial position which LafargeHolcim would have had if Holcim had actually acquired 100 per cent. of the shares of Lafarge and the Divestitures had been actually completed on the respective dates set out above.

The Unaudited Pro Forma Financial Information is also not necessarily indicative of the results of operations in future periods or of the future financial position of LafargeHolcim and there can be no assurance that the trends indicated by the Unaudited Pro Forma Financial Information (or by the separate financial statements of Holcim and Lafarge) are representative of the future results or performance of LafargeHolcim.

Accordingly, LafargeHolcim's results and financial condition may differ significantly from those portrayed by the Unaudited Pro Forma Financial Information.

3.1.3 Impairment of Goodwill

Following the closing of the Exchange Offer, LafargeHolcim will record a net goodwill adjustment currently estimated at CHF8.5 billion as a result of the Merger and the Divestiture, which represents the difference between the estimated consideration transferred for the Lafarge shares and the preliminary fair value of identifiable net assets acquired, less the reduction in goodwill resulting from the Divestiture. This goodwill adjustment will be recorded in the LafargeHolcim accounts in addition to the existing historical goodwill in the balance sheet of Holcim, which amounted to CHF7.2 billion as at December 31, 2014. Overall, pro forma goodwill, after provisional purchase price allocation, other acquisition related pro forma adjustments and the pro forma adjustments for the Divested Businesses, amounts to CHF15.7 billion as of December 31, 2014. The amount of goodwill allocated to each cash generating unit will be tested for impairment at least on an annual basis, and more frequently if indications of impairment exist. If significant asset quality issues arise or if the financial condition and prospects of LafargeHolcim's cash generating units otherwise fail to meet the expectations used to determine their carrying values, LafargeHolcim could incur impairment charges in the future, which could have an adverse effect on its results and financial position.

3.1.4 Liabilities Associated With the Divestiture and Failure to Complete the Divestiture as Described

As described in Section 2.6 above, Holcim and Lafarge have entered into the CRH Divestiture Agreement and the Philippine Divestiture Agreement relating to the sale of the Divested Businesses for an enterprise value of EUR6.5 billion (CHF6.8 billion based on exchange rates as at January 30, 2015), payable in cash on the closing date of the Divestiture.

The CRH Divestiture Agreement and the Philippine Divestiture Agreement include certain representations, warranties and indemnities given by Holcim or Lafarge, as applicable. Any breach of those representations and warranties, and any claim made by CRH under those representations, warranties and indemnities, will constitute liabilities of LafargeHolcim and could have a material adverse effect on its financial situation.

The completion of the Divestiture is subject to the Conditions Precedent and certain regulatory approvals, including the Purchaser Competition Approvals, also described in Section 2.6. There is no guarantee that these Conditions Precedent will be fulfilled or that the Purchaser Competition Approvals will be obtained. If one or more of these conditions were not fulfilled and not waived by Holcim, Lafarge or CRH, as applicable, or if one or more of the Purchaser Competition Approvals were not obtained, the CRH Divestiture Agreement and the Philippine Divestiture Agreement would be terminated.

In such event, there is no guarantee that Holcim and Lafarge will be able to achieve the Divestiture on conditions comparable to those of the CRH Divestiture Agreement. Time will increase pressure on Holcim and Lafarge to effect the Divestiture in order to comply with the regulatory approvals of the Merger. These factors will put any potential purchasers of the Divested Businesses in a favourable bargaining position.

The purpose of the Divestiture is to obtain regulatory approval of the Merger from certain Antitrust Authorities. Therefore, if the CRH Divestiture Agreement is terminated, Holcim and Lafarge will have to seek other means of divesting the Divested Businesses and, in the meantime and so as to comply with certain regulatory approvals, will have to maintain the Divested Businesses under separate, independent management.

If Holcim and Lafarge are not able to divest any or all of the Divested Businesses within a certain timeframe, a divestiture trustee will be automatically appointed in certain jurisdictions, principally in Brazil, the European Union and Serbia, with the exclusive mandate of selling the Divested Businesses at no minimum price.

Furthermore, in connection with the Divestiture, Holcim, Lafarge and CRH will enter into certain transitional services, licence and supply agreements pursuant to which Holcim and Lafarge will provide such services, licences and supplies to CRH for a specified period of time following the closing of the Divestiture. If Holcim and Lafarge fail to fulfill their obligations in accordance with the terms of these agreements, it may be held liable for losses incurred by CRH as a result.

Moreover, the Divested Businesses will continue to use Holcim’s and Lafarge’s trademarks during the transition period. If actions by the Divested Businesses are mistakenly attributed to Holcim and Lafarge, the Combined Group’s image and reputation may be harmed.

Any of these circumstances could materially and adversely affect the Combined Group’s results and financial performance.

3.1.5 No Detailed Due Diligence

The negotiations between Holcim and Lafarge were conducted on the basis of the information that was publicly available to each party and on voluntary disclosure by each party to the other and neither Lafarge nor Holcim conducted extensive due diligence on the other before entering into the Combination Agreement. As a result, after the closing of the Exchange Offer, unknown liabilities of Lafarge and/or Holcim may arise and may have a negative impact on the profitability, results of operations, financial position and market value of the

Combined Group, and, therefore, on the value of the LafargeHolcim Shares received as consideration by Lafarge shareholders in the Exchange Offer and held by the Holcim shareholders voting on the issuance of these shares.

3.1.6 Rating Agencies

After the closing of the Exchange Offer, the rating agencies could assign to LafargeHolcim or to debt instruments issued by LafargeHolcim a lower rating than the current ratings of Holcim and Lafarge. Such a downgrade could adversely affect the financing conditions of LafargeHolcim.

As of the date of this Registration Document, Holcim Ltd is rated BBB by Standard & Poor's, Baa2 by Moody's and BBB by Fitch Ratings and Lafarge is rated BB+ by Standard & Poor's and Ba1 by Moody's.

If the ratings of LafargeHolcim were downgraded following the Merger, this would be likely to increase the Combined Group's financing costs, and could result in some capital expenditure projects failing to meet the Combined Group's investment criteria. This could have an adverse impact on the Combined Group's potential for growth and its results of operations and financial condition.

3.1.7 Ineligibility of LafargeHolcim Shares for PEA Share Savings Plans

LafargeHolcim Shares will not be eligible for inclusion in French stock saving plans or *plans d'épargne en actions* ("**PEA**"), because PEAs may hold only shares of companies organized in member states of the European Union or in member states of the European Economic Area Agreement that have concluded with France a tax treaty providing for administrative assistance against tax fraud and evasion, which is not the case for Switzerland. French individuals who hold their Lafarge shares through PEA plans may as a result decide to sell their Lafarge shares or, if they choose to tender their Lafarge shares in the Exchange Offer, the shares of LafargeHolcim that they receive in the Exchange Offer (including in order to finance the additional cash contribution they will be required to make (except in certain limited circumstances) to avoid adverse tax consequences). Such sales, if they occur in significant volumes, could adversely affect the market price of shares of Lafarge or LafargeHolcim.

3.1.8 Loss of Double Voting Rights and Loyalty Dividend

Pursuant to the Articles of Association of Lafarge, double voting rights are attached to fully paid-up shares held in registered form for at least two years. In addition, any shareholder who, at the end of the financial year, has held registered shares for at least two years and still holds them in registered form at the date of payment of the dividend in respect of that year will receive, in respect of such shares, a bonus equal to 10 per cent. of the dividend paid to other shareholders, including any dividend which is paid in shares.

Lafarge shareholders will lose those benefits upon tendering their shares in the Exchange Offer and, since Holcim's (and, going forward, LafargeHolcim Ltd's) Articles of Association do not contain any similar provisions, Lafarge shareholders will no longer have any similar benefits, even if they hold registered shares for at least two years or another period of time.

3.1.9 Differences Between French Corporate Law and Swiss Corporate Law

Lafarge shareholders will receive Holcim Shares in the Exchange Offer and will become LafargeHolcim Ltd shareholders, and their rights as shareholders will be governed by provisions of Swiss corporate law applicable to LafargeHolcim and the Articles of Association of LafargeHolcim. As a result, and as described in Section 5.3 of this Part I, there will be material differences between the current rights of Lafarge shareholders and the rights they can expect to have as LafargeHolcim shareholders.

3.1.10 The Cost of Trading and Clearing LafargeHolcim Shares

SIX SIS, a subsidiary of the SIX Swiss Exchange Group, will act as central securities depositary for all the LafargeHolcim Shares and thus the LafargeHolcim Shares traded on the SIX Swiss Exchange will directly clear through SIX SIS. Euroclear France will act as central securities depositary for shares traded on Euronext Paris.

Because there can only be one central securities depositary with respect to a single class of securities, SIX SIS will be the central securities depositary with respect to all the shares issued by LafargeHolcim Ltd, while Euroclear France will be an intermediate one, only dealing with shares traded on Euronext Paris. Both SIX SIS and Euroclear France charge per share fees to the financial intermediaries that are members of these central securities depositaries and trade and hold shares cleared through them. As a result, the clearing and settlement costs incurred by a French shareholder when trading LafargeHolcim Shares on Euronext Paris may be higher than the clearing and settlement costs incurred by the same shareholder when trading Lafarge shares. While it is not expected that holders of LafargeHolcim Shares on Euronext Paris will be directly charged for those potential additional central securities depositary fees by their financial intermediaries, it might be the case that such financial intermediaries will seek to pass this potential additional cost to their customers.

3.1.11 The Cost of Holding LafargeHolcim Shares in Administered Registered Form or Bearer Form May Be Higher Than the Cost of Holding Lafarge Shares

French financial intermediaries may impose differing fees to clients holding shares in administered registered form or bearer form depending on the place of incorporation of the company whose shares are held by the client. While Lafarge shares are French securities, Lafarge shareholders participating in the Exchange Offer will receive Swiss LafargeHolcim Shares. The cost of holding LafargeHolcim Shares in administered registered form or bearer form may therefore be higher than the cost of holding Lafarge shares.

3.1.12 LafargeHolcim Ltd Shareholders Are Entitled to Attend And Vote At Shareholders' Meeting Only If They Are Registered In One of the LafargeHolcim Ltd Share Registers

LafargeHolcim shareholders are entitled to attend and vote at Shareholders' Meetings only if they are registered in one of the LafargeHolcim Ltd share registers. As from the closing of the Exchange Offer, LafargeHolcim will maintain two share registers. One share register will be maintained in Switzerland by Nimbus AG, which currently maintains the Holcim share register (the "Swiss Share Register"). The second share register will be maintained by BNP Paribas Securities Services in France (the "French Share Register").

Lafarge shareholders participating in the Exchange Offer will receive upon closing of the Exchange Offer their LafargeHolcim Shares in the same form as they currently hold their Lafarge Shares (pure registered form, administered registered form or bearer form).

Holders of Lafarge Shares in pure or administered registered form participating in the Exchange Offer will receive upon closing of the Exchange Offer their LafargeHolcim Shares automatically registered in the French Share Register maintained by BNP Paribas Securities Services. They will be entitled to attend and vote at LafargeHolcim Ltd's Shareholders' Meetings.

Holders of Lafarge Shares in bearer form participating in the Exchange Offer will receive their LafargeHolcim Shares in bearer form within Euroclear France.

It is expected that Holcim or, if after the closing of the Exchange Offer, LafargeHolcim will enter into a nominee agreement with Euroclear Bank SA/NV. The purpose of the nominee agreement is to allow shareholders holding their shares in bearer form to exercise their shareholder rights via Euroclear, in its role as a nominee. Please see Section 21.2.4.3 of Part III.

If Holcim or, if after the closing of the Exchange Offer, LafargeHolcim, fails to find an agreement with Euroclear Bank SA/NV on Euroclear's role as a nominee and, as a consequence, Euroclear Bank SA/NV does not become a nominee, shareholders holding their LafargeHolcim Shares in bearer form and who want to vote or participate in the Shareholders' Meeting in person will need to ask to their financial intermediaries to convert their shares from the bearer form into the pure or administered registered form and register themselves on the French Share Register. If shareholders fail to complete these steps in time, they will not be entitled to vote or participate in the Shareholders' Meeting.

3.1.13 Dividends of LafargeHolcim Ltd May Be Paid in Swiss Francs Only

Although LafargeHolcim dividends will be declared and principally paid in Swiss Francs, LafargeHolcim currently contemplates the possibility to pay dividends in Euros to LafargeHolcim shareholders holding their shares through Euroclear France in pure registered form on the French Share Register maintained by BNP Paribas Securities Services, in administered form or in bearer form. The amount of the dividend in Euro will be set by LafargeHolcim on the basis of the then applicable CHF/EUR exchange rate.

There is however no guarantee that LafargeHolcim dividends will be paid in Euros and, if a dividend is paid in Euros, there is no guarantee that following dividends will also be paid in Euros.

As a consequence, dividends of LafargeHolcim Ltd may be paid in Swiss Francs only. Any shareholder whose main currency is not the Swiss Francs may therefore be exposed to currency risks and may incur additional costs. For example, the financial intermediary through which a shareholder holds LafargeHolcim Shares may charge fees when converting Swiss Francs into such shareholder's Euro (or other currency) cash account. Alternatively, financial intermediaries not located in Switzerland may charge additional fees for the opening of a cash account denominated in Swiss Francs. Further, fluctuations in exchange rates between the Swiss franc and a shareholder's main currency may affect the value of the dividend ultimately received by such shareholder in another currency.

3.1.14 The LafargeHolcim Shares Will Trade in Swiss Francs and in Euros

The LafargeHolcim Shares will trade in Swiss Francs on the SIX Swiss Exchange and in Euros on Euronext Paris. The fluctuations of the Euro/Swiss franc exchange rate may bring distortions between the prices at which the LafargeHolcim Shares trade on each trading venue. The difference in liquidity and offer and/or demand for the LafargeHolcim Shares between each trading venue may also result in trading prices being different on each trading venue.

3.2 Risks Related to the Business of LafargeHolcim

3.2.1 Cyclical Nature of the Construction Sector

LafargeHolcim's products and services are mainly used in the construction sector. Accordingly, in any jurisdiction demand for its products and services is dependent on the level of activity in the construction sector in that jurisdiction. The construction industry tends to be cyclical, and depends on the level of construction-related expenditures in the residential, commercial and infrastructure sectors. Political instability or changes in government policy can also affect the construction industry. The industry is sensitive to factors such as gross domestic product (GDP) growth, population growth, interest rates and inflation. An economic downturn could have a negative impact on the level of activity in the construction sector, which in turn could adversely affect LafargeHolcim's business, results of operations, financial condition and prospects.

The Holcim Group and the Lafarge Group have operated and, going forward, the LafargeHolcim Group will operate in a large number of countries worldwide, and some markets or regions account for a significant portion of its total sales. Although this broad geographic footprint might minimize exposure to cyclical declines in an individual market, economic downturns in significant individual markets or on a regional or global scale may have a material adverse effect on LafargeHolcim. While the geographic regions in which the LafargeHolcim Group operates have been affected differently by the recent downturn in global economies, there can be no assurance that any further weakening in economic growth will not affect the construction market globally or that negative economic conditions in one or more regions will not affect the construction markets in other regions. The results of operations and profitability of the Combined Group could be adversely affected by a continued or further downturn in construction activity on a global scale or in a significant market in which it operates.

In response to market conditions, LafargeHolcim may decide to close plants or operations and may therefore incur significant exceptional costs in the relevant financial period and subsequent periods, even if such closures are made in order to reduce recurring costs and investments in future years.

3.2.2 Risks Associated With Energy Costs

Energy expenses account for a significant part of the production costs of the Holcim Group, the Lafarge Group and in the future, the LafargeHolcim Group. Cement production in particular requires a high level of energy consumption, especially for the kilning and grinding processes. The principal elements of these energy costs are fuel expenses and electricity expenses (which include amongst others, costs for coal, petroleum coke, alternative fuels such as biomass and natural gas). The results of operations of the LafargeHolcim Group are therefore expected to be significantly affected by movements in energy prices. Energy prices may vary significantly in the future, largely due to market forces and other factors beyond the control of the Combined Group, including, for example, changes in the regulatory regime applicable to energy prices in some countries where LafargeHolcim operates. Moreover, in certain emerging markets, the LafargeHolcim Group may see increases in electricity prices due to a lack of generation capacity and the effects of privatization. The LafargeHolcim Group may also, particularly in the case of coal, experience time lags between movements in the energy prices and movements in production costs since the supply of a substantial proportion of energy resources is secured pursuant to long-term purchase agreements.

An increase in energy costs may result in margin erosion, in particular in emerging markets, which have structural fixed cost inflation, reflecting rapid increases in wages, production and logistics costs.

LafargeHolcim seeks to protect itself against the risk of energy price inflation through the ability to diversify fuel sources, the use of alternative fuels, the ability to fully or partially pass through cost increases to customers as well as through the use of long-term supply contracts and the use of derivative instruments, mainly swaps and options on organized or on over-the-counter (OTC) markets. LafargeHolcim will also seek to reduce the proportion of clinker used in the cement production process by using mineral components as substitutes as highest energy intensity is generally experienced during the clinker binding phase.

Despite these measures, if high energy prices prevail over time or if the LafargeHolcim Group encounters increases or significant fluctuations in energy costs, insufficient availability of cost-efficient alternative fuels or the violation of supply agreements, this could have a material adverse effect on the results of operations and profitability of the LafargeHolcim Group.

3.2.3 Risks Relating to Availability of Raw Materials

The operations of the Holcim Group, the Lafarge Group and, going forward, the LafargeHolcim Group are dependent on the availability at a reasonable cost of certain raw materials, in particular limestone and aggregates, which are used in the manufacture of their products. Accordingly, any limitations on the ability of the Combined Group to obtain the various raw materials it needs, for instance because an existing supplier ceases operations or reduces or eliminates productions of by-products, could have a material adverse effect on its results of operations. In addition, LafargeHolcim may be unable to increase selling prices in response to increases in raw materials costs, which may result in a material adverse effect on its results of operations.

3.2.4 Risks of Business Interruption, Production Curtailment or Loss of Assets

Due to the high fixed-cost nature of the building material industry, interruptions in production capabilities at any of the Combined Group facilities may cause a significant decrease in the productivity and results of operations during the affected period. The manufacturing processes of producers of building materials and related services are dependent upon critical pieces of equipment such as cement kilns, crushers, grinders and others. On occasion, this equipment may be out of service during periodic maintenance periods, strikes, unanticipated failures, accidents or force majeure events. In addition, there is a risk that equipment or production facilities may be damaged or destroyed by such events. Any of those events could have a material adverse effect on LafargeHolcim's results of operations and financial condition.

3.2.5 Seasonal Nature of Construction Business

During the winter season in the northern hemisphere and the rainy season in tropical climates in Latin America, southeast Asia or Africa, there is typically lower activity in the construction sector, especially where meteorological conditions make large-scale construction projects difficult, resulting in lower demand for building materials.

The Holcim Group and the Lafarge Group have typically experienced and, going forward, the LafargeHolcim Group expects to continue to experience, a decrease in sales during the first and fourth quarters reflecting the effect of the winter season in Europe and North America and an increase in sales in the second and third quarters reflecting the effect of the summer season in these markets. This effect can be especially pronounced during harsh or long winters. In addition, high levels of rainfall in tropical countries during the rainy season can adversely affect operations during those periods.

If these adverse climatic conditions are unusually intense, occur unexpectedly or last longer than usual in major geographic markets, especially during seasonal peak construction periods, this could have a material adverse effect on the results of operations and financial condition of the Combined Group.

3.2.6 Competition

The markets for cement, aggregates and other construction materials and services are very competitive. Competition in these markets is largely based on price, but also increasingly on quality and service. On the basis of data contained in the Global Cement Report (2014), in 2013, the top four cement producers represented approximately 25 to 30 per cent. of global production (excluding China). Competition for the Holcim Group, the Lafarge Group and, going forward, the LafargeHolcim Group in the cement industry varies from market to market, but on a global basis LafargeHolcim believes its major competitors to be Cemex, HeidelbergCement and CRH. The Combined Group will also compete with numerous small or localized competitors. Competition, whether from established market participants or new entrants, could cause the Combined Group to lose market shares, increase expenditures or reduce pricing, any one of which could have a material adverse effect on business, financial condition, results of operations or prospects.

The Holcim Group and the Lafarge Group have competed and, going forward, the LafargeHolcim Group will compete in each of its markets with domestic and foreign building materials suppliers as well as with importers of foreign products and with local and foreign construction service providers. Accordingly, the profitability of the Combined Group is generally dependent on the level of demand for such building materials and services as a whole, and on its ability to maximize its efficiency and control operating costs. Prices in these markets are subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions, and other market conditions beyond the control of the LafargeHolcim Group. As a consequence, LafargeHolcim may face price, margin or volume declines in the future. Any significant price, margin or volume declines could have a material adverse effect on its results of operations. Such declines are particularly likely to occur in markets in which overcapacity and/or oversupply exists.

3.2.7 Competition Regulation

In recent years, various competition regulators worldwide have imposed fines on cement, building materials and building materials services companies for involvement in illegal cartel practices or other anticompetitive practices.

The EU Commission is currently investigating certain cement companies (including the Holcim Group and the Lafarge Group) on suspicion that they may have violated the EU competition law rules prohibiting illicit agreements and/or abuses of a dominant market position.

The competition authorities in other regions have also initiated competition law investigations against certain Holcim Group companies and Lafarge Group companies regarding possible involvement in illicit agreements and anticompetitive practices.

The investigations and proceedings are at different stages and are ongoing (see also Section 16.3 of Part II and Note 29 to the consolidated financial statements in the Lafarge 2014 Document de Référence incorporated herein by reference). The LafargeHolcim Group cannot predict the outcome of the pending competition law proceedings or investigations or give any assurances that subsidiaries or affiliates of the LafargeHolcim Group will not be the subject of investigations by competition authorities in the future. A successful competition law regulatory challenge could adversely affect the Combined Group in a variety of ways. For example, it could result in: (i) the imposition of significant fines by one or more authorities (with the amount of such fine depending on a variety of factors, but usually being based on the turnover of the relevant company); (ii) third parties (such as competitors and customers) initiating substantial civil litigation claiming damages caused by anticompetitive practices; (iii) reputational risk for LafargeHolcim and a requirement for the Combined Group to share assets, business secrets or know-how; (iv) restrictions on the Combined Group's ability to carry out acquisitions due to merger regulations in certain jurisdictions; (v) forced divestments; and/or (vi) significant costs or changes in business practices that may result in reduced revenues and, accordingly, have a material adverse effect on the business, image, the results of operations and financial condition of the LafargeHolcim Group.

3.2.8 Risks Relating to the Use of Substitutes for Cement

Materials such as plastic, aluminium, ceramics, glass, wood and steel can be used in construction as a substitute for cement. In addition, other construction techniques, such as the use of dry wall, could decrease the demand for cement, ready-mix concrete and mortars. In addition, new construction techniques and modern materials may be introduced in the future. The use of substitutes for cement could cause a significant reduction in the demand and prices for the products of the LafargeHolcim Group and may have an adverse effect on its results of operations and financial condition.

3.3 Risks Related to the Activities of LafargeHolcim

3.3.1 Emerging Markets Risks

The significant presence of LafargeHolcim in emerging markets exposes the Combined Group to risks which it does not face to the same extent in more mature economies. For the year ended December 31, 2014, 58 per cent. of the pro forma net sales of the LafargeHolcim Group was generated in emerging markets.

Emerging markets face economic and political risks and risks associated with legal systems being less certain than those in more mature economies. Emerging markets are exposed to a greater degree to volatility in GDP, inflation, exchange rates and interest rates than developed markets, which may negatively affect the level of construction activity and the results of operations of the LafargeHolcim Group in a given market. Instability in an emerging market may also lead to restrictions on currency movements, which may adversely affect the ability of emerging market operating subsidiaries of the Combined Group to pay dividends, and impose restrictions on imports of equipment.

Other potential risks presented by emerging markets include:

- Disruption of the operations of LafargeHolcim due to civil disturbances, and other actual and threatened conflicts;
- Nationalisation and expropriation of assets;
- Price and exchange controls;
- Differences between and unexpected changes in regulatory environments, including environmental, health and safety, local planning, zoning and labour laws, rules and regulations;

- Less certainty concerning legal rights and their enforcement;
- Varying tax regimes, including with respect to the imposition of withholding taxes on remittances and other payments by subsidiaries and joint ventures;
- Fluctuations in currency exchange rates and restrictions on the repatriation of capital; and
- Difficulties in attracting and retaining qualified management and employees, or reducing the size of the workforce of the LafargeHolcim Group.

Developments relating to any of the risks described above in an emerging market in which LafargeHolcim has a significant presence could result in lower profits and/or a loss in value of its assets. There can be no assurance that the assets, business, results of operations and financial condition of the Combined Group will not be materially adversely affected through its exposure to emerging markets.

3.3.2 Climate and Natural Disasters

Being present in a large number of countries increases the LafargeHolcim Group's exposure to meteorological and geological risks such as natural disasters, climate hazards, or earthquakes which could damage the Combined Group's property or result in business interruptions, or increase the risk of litigation, any of which could have a material adverse effect on the LafargeHolcim Group's operations.

3.3.3 Capital Expenditure Programme

The Combined Group's business production is capital intensive. The capital expenditure programmes of the Holcim Group, the Lafarge Group and, going forward, the LafargeHolcim Group comprise both maintenance capital expenditures on property, plant and equipment to maintain production capacity, and expansion capital expenditures to implement new growth projects. In response to changing market conditions, LafargeHolcim may also undertake maintenance and expansion capital expenditure projects. There can be no assurance that such projects will be completed on time or to budget. Factors that could result in planned capital expenditure projects being delayed or cancelled include changes in economic conditions, construction difficulties and cost overruns. In developed countries in particular, it can be difficult to obtain permits for new installations and quarries, and extending the duration of existing permits may become more challenging. Difficulties with permits could result in significant delays in future investments and growth or even in the suspension of particular projects. Increased funding costs or greater difficulty in accessing financing to satisfy the capital expenditure programme of the Combined Group may have a material adverse effect on the business, results of operations and financial condition.

3.3.4 Reliance Upon Third Parties for the Performance of Logistical Services

The Holcim Group and the Lafarge Group have relied and, going forward, the LafargeHolcim Group will continue to rely upon third party service providers for certain aspects of its business, particularly the transport of its products to its customers. The ability of the Combined Group to service its customers at a reasonable cost depends, in many cases, upon its ability to negotiate reasonable terms with carriers including railroad, trucking and barge companies. Due to the heavy weight of its products, the LafargeHolcim Group expects to incur substantial transportation costs. To the extent that the third party carriers of the Combined Group increase their rates, including to reflect higher labour, maintenance, fuel or other costs they may incur, the LafargeHolcim Group may be forced to pay such increased rates sooner than it is able to pass on such increases to customers, if at all. Any material increases in the transportation costs of LafargeHolcim that it is unable to fully pass on to customers could materially adversely affect its business, results of operations and financial condition.

In addition, the costs of the LafargeHolcim Group relating to shipments by barges may be increased as a result of a shortage of barges and logistical problems resulting from high demand. Any such occurrences could adversely affect the business, results of operations and financial condition of the LafargeHolcim Group.

3.3.5 Acquisition of Businesses

As part of their strategy, the Holcim Group and the Lafarge Group have made and, going forward, the LafargeHolcim Group may make, selective acquisitions to strengthen and develop its existing activities.

There are always substantial challenges or delays in integrating and adding value to acquired businesses. The costs of integration can be materially higher than budgeted and the LafargeHolcim Group may fail to realise synergies expected from such acquisitions. The challenges presented by integrating new businesses can be greater in emerging markets as a result of cultural and linguistic difficulties.

Acquisitions can also result in the assumption of unexpected or greater than expected liabilities relating to the acquired assets or businesses (including environmental liabilities arising from contaminated sites) and the possibility that indemnification agreements with the sellers of such assets may be non-existent, unenforceable or insufficient to cover all potential liabilities, the possibility of regulatory interference, the imposition and maintenance of regulatory controls, procedures and policies and the impairment of relationships with employees and counterparties as a result of difficulties arising out of integration. Moreover, the value of any business that the LafargeHolcim Group acquires or invests in may be less than the consideration the LafargeHolcim Group will pay.

Any failed acquisitions could have a material adverse effect on the business, results of operations and financial condition of the Combined Group.

3.3.6 Minority Interests, Minority Participation and Joint Ventures

The Holcim Group and the Lafarge Group have conducted and, going forward, the LafargeHolcim Group will conduct its business through subsidiaries. In some cases, minority shareholders hold significant interests in such subsidiaries. Various disadvantages may result from the participation of minority shareholders whose interests may not always be aligned with those of the Combined Group. Minority interests may, among other things, impede the ability of LafargeHolcim to implement organisational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets in the most effective way.

In certain jurisdictions, the Holcim Group and the Lafarge Group have entered into shareholders' and/or joint venture agreements with respect to the corresponding participation in such jurisdiction. Such contractual obligations may limit in the future the freedom of action of the Combined Group and/or may result, under certain circumstances, in financial obligations of LafargeHolcim towards such contracting partners. Certain joint venture agreements may contain "deadlock" provisions that may result in put and/or call options becoming exercisable in the event of disagreements, rights of first refusal or the sale of the joint venture. The LafargeHolcim Group could be required to expend significant sums to perform its obligations under these options. In addition, stable relationships with local joint venture partners may be critical to the success of the operations of the Combined Group in these jurisdictions. There can be no assurance that relationships with joint venture partners will remain stable or that joint venture partners will not be acquired by competitors of LafargeHolcim.

In certain of their operations, the Holcim Group and the Lafarge Group have had and, going forward, the LafargeHolcim Group will have a significant but not always a controlling interest. Under the governing documents for certain of these partnerships and corporations, certain key matters, such as the approval of business plans and decisions as to the timing and amount of cash distributions, may require the consent of the partners of LafargeHolcim or may be approved without the consent of the Combined Group. These limitations could constrain the ability of the LafargeHolcim Group to pursue its corporate objectives in the future.

3.3.7 Litigation Risks

In the ordinary course of business, the Holcim Group and the Lafarge Group are involved and, going forward, the LafargeHolcim Group may become involved, in lawsuits, claims, investigations and proceedings, including product liability, ownership, commercial, environment, health and safety, social security and tax claims.

In connection with acquisitions made by the Holcim Group and the Lafarge Group in past years, the Holcim Group, the Lafarge Group or their respective subsidiaries are or, going forward, the LafargeHolcim Group, may become subject to various demands or complaints, including those from minority shareholders.

In connection with disposals made in the past years, the Holcim Group and the Lafarge Group have provided customary warranties notably related to accounting, tax, employees, product quality, litigation, competition, and environmental matters. The Holcim Group and the Lafarge Group have received and the LafargeHolcim Group may receive in the future, notice of claims arising from said warranties.

Such proceedings may have a material adverse effect on the reputation of the Combined Group. In addition, there can be no assurance that such proceedings will not have a material adverse effect on the asset position, financial condition and results of operations of the LafargeHolcim Group (see also Section 16.3 of Part II and Note 29 to the consolidated financial statements in the Lafarge 2014 Document de Référence incorporated herein by reference).

3.3.8 Impairment Risks of Non-Financial Assets

The cement and, to a lesser extent, the aggregates and the other construction materials businesses, are very capital intensive. At each statement of financial position date, the Holcim Group and the Lafarge Group have assessed and, going forward, the LafargeHolcim Group will assess whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of a non-financial asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised in the statement of income and may therefore have a material effect on the results of operations and financial condition of the LafargeHolcim Group.

3.4 Environmental, Health and Safety Matters

3.4.1 Environmental Regulations

The operations of building material suppliers are subject to numerous national and supranational environmental, health and safety laws, regulations, treaties and conventions (together with the other laws and regimes discussed below, “environmental regulations”), including those controlling the discharge of materials into the environment, requiring removal and clean-up of environmental contamination, establishing certification, licensing, noise, health and safety, taxes, labour and training standards, or otherwise relating to the protection of human health and the environment (including in relation to asbestos and crystalline silicosa dust). Violations of existing environmental regulations expose violators to substantial fines and sanctions and may require technical measures or investments to ensure compliance with mandatory emission limits. In some cases, violations may lead to the LafargeHolcim Group being unable to market certain products. Environmental regulations currently in force may be amended or modified or new environmental regulations may be adopted, further curtailing or regulating the cement industry and related industries in the various jurisdictions in which the Combined Group operates. LafargeHolcim cannot predict the extent to which its future earnings may be affected by compliance with such new environmental regulations.

Carbon Dioxide Emissions

Cement industry CO2 emissions result mainly from the chemical process of producing clinker and from the combustion of fossil fuels. Compared to other energy-intensive industrial activities, CO2 emission per unit of financial added value for the cement industry is relatively high. Public concerns over greenhouse gas emissions may lead to regulations to curb emissions which may significantly increase costs for the cement and related industries. In the European Union, the cement industry is subject to a cap and trade scheme on CO2 emissions, having to surrender emission allowances for the carbon dioxide it has emitted. Cement producers are allocated CO2 allowances corresponding to the CO2 intensity of their production. Any remaining allowance surplus can be sold, and any shortage can be addressed, on the CO2 allowance market. Companies that fail to meet their obligation to surrender allowances are subject to significant penalties. The quantity of allocated allowances to the cement industry is scheduled to decrease in the future, and the cost of carbon allowances could materially increase the cost of clinker production in the European Union.

Similar cap and trade schemes have been implemented in the province of Québec in Canada, the province of Hubai (China), New Zealand, Switzerland and in California in the United States. The implementation of those systems in such or other jurisdictions may lead to exposure to similar business risks as in the European Union.

The implementation of varied CO2 regulatory systems in different countries may affect international competitiveness and eventually lead to ineffective use of assets (including discontinuation of the use of such assets) in regions with stringent CO2 emissions regulations.

There can be no assurance that LafargeHolcim will be able to meet its own CO2 emissions targets or comply with targets that external regulators may impose upon the cement industry. Furthermore, additional, new and/or different regulations, such as the imposition of lower limits than those currently contemplated, could be enacted, all of which could have a material adverse effect on the business, results of operations and financial condition of the Combined Group.

Waste Management

In addition, many of the current and former properties of the Holcim Group, the Lafarge Group and, going forward, the LafargeHolcim Group are or have been used for industrial purposes. Holcim Group companies and Lafarge Group companies have arranged and, going forward, LafargeHolcim Group companies will arrange for disposal of waste on their own premises, in their quarries and at third-party disposal sites. Under certain environmental laws, liability for activities at contaminated sites, including buildings and other facilities, is strict, and in some cases, joint and several. The LafargeHolcim Group may in the future be subject to potentially material liabilities relating to the investigation and clean-up of contaminated areas, including groundwater, at properties owned or formerly owned, operated or used by the Holcim Group, the Lafarge Group and, going forward, the LafargeHolcim Group, and to claims alleging personal injury or damage to natural resources.

The Holcim Group and the Lafarge Group have been increasingly using and, going forward, the LafargeHolcim Group intends to continue using increasingly alternative fuels and raw materials to reduce CO2 and other emissions as well as fuel and raw material costs. Some of these alternative fuels are hazardous and require LafargeHolcim to use special procedures to protect workers and the environment. When using hazardous waste for this purpose, the above mentioned risks of environmental liabilities or the health and safety liabilities discussed below as well as reputational risk may arise if such procedures are not executed correctly.

3.4.2 Other Regulations Affecting Mining Operations

Access to the raw materials necessary for operations (limestone, aggregates and other raw materials) is essential for sustainability and profitability of the LafargeHolcim Group's operations and is a key consideration in the investments. In addition to environmental regulations, the operations of the Combined Group are subject to extensive governmental regulations in most countries in which it operates on matters such as permitting and licensing requirements as well as reclamation and restoration of mining properties after mining is completed. LafargeHolcim believes that it has all material permits and licenses required to conduct its present mining operations. However, the Combined Group will need additional permits and renewals of permits in the future. New site approval procedures generally require the preparation of geological surveys, and may require endangered species studies and other studies to assess the environmental impact of new sites. Compliance with these regulatory requirements is expensive, requires an investment of substantial funds well before the LafargeHolcim Group knows whether a site's operation will be economically successful, and significantly lengthens the time needed to develop a new site. Additional legal requirements could be adopted in the future that would render compliance still more burdensome. Furthermore, obtaining or renewing required permits and licenses is sometimes delayed or prevented due to community opposition and other factors beyond the control of the Combined Group. LafargeHolcim could be adversely affected if current provisions for reclamation and closure costs were determined to be insufficient at a later stage, or if future costs associated with reclamation were to be significantly greater than its current estimates. The LafargeHolcim Group cannot assure that current or future mining regulation, and compliance with such regulation, will not have a material adverse effect on its business, or that it will be able to obtain or renew permits and licenses in the future.

3.4.3 Health and Safety Regulations

There are certain hazards related to the activities of the Holcim Group, the Lafarge Group and, going forward, the LafargeHolcim Group which can result in incidents that harm people or damage the property or the reputation of the LafargeHolcim Group. The Holcim Group and the Lafarge Group have been investing and, going forward, the LafargeHolcim Group intends to continue to invest in implementing safety and occupational health measures. Notwithstanding the preventive measures which the Holcim Group and the Lafarge Group have taken or, going forward, that the LafargeHolcim Group may take, there can be no assurance that such measures will be effective in reducing the number incidents. Such incidents may impact the reputation or image of LafargeHolcim and result in additional costs and fines for LafargeHolcim, which could have an adverse effect on the Combined Group's business, financial condition and results of operations.

3.5 Accounting and Financing Risks

3.5.1 Holding Company Structure

LafargeHolcim Ltd will be a holding company with no significant assets other than direct and indirect interests in its numerous subsidiaries. A number of its subsidiaries are located in countries that may impose regulations restricting the payment of dividends outside the country through exchange control regulations.

Furthermore, the transfer of dividends and other income from the LafargeHolcim Group subsidiaries may be limited by various credit or other contractual arrangements and/or tax constraints, which could make such payments difficult or costly. Should such regulations, arrangements and constraints restricting the payment of dividends be significantly increased in the future simultaneously in a large number of countries where LafargeHolcim operates, it might impair its ability to make shareholder distributions.

3.5.2 Tax Audits

The Combined Group's subsidiaries are subject to tax audits by the tax authorities in the respective jurisdictions in which they are located. Various tax authorities have proposed or levied assessments for additional taxes for prior years. Although LafargeHolcim believes that the settlement of any or all of these assessments would not have a material adverse effect on its results or financial position, it is not in a position to evaluate the possible outcome of these proceedings.

3.5.3 Indebtedness

The Holcim Group, the Lafarge Group and, going forward, the LafargeHolcim Group are exposed to different market risks, which could have a material adverse effect on its financial condition or on its ability to meet its financial commitments. In particular, the access of the Combined Group to global sources of financing to cover its financing needs or repayment of its debt could be impaired by the deterioration of financial markets or downgrading of its credit ratings (please also refer to Section 3.1.6 of Part I). As of December 31, 2014, on a pro forma basis, the LafargeHolcim net debt (which includes put options on shares of subsidiaries and derivative instruments) amounted to CHF17.9 billion, and the gross debt amounted to CHF29.7 billion. CHF6.5 billion of the pro forma gross debt as of December 31, 2014 was due in one year or less. As part of strict financial policies, LafargeHolcim continues to improve its financial structure. However, no assurance can be given that it will be able to implement these measures effectively or that further measures will not be required in the future.

The financing contracts of Holcim Ltd, Lafarge S.A., their subsidiaries and, going forward, LafargeHolcim, contain various commitments (see Note 27 to Holcim's consolidated financial statements as of and for the year ended December 31, 2014 set out in Section 1 of Part IV for the description of the commitments pertaining to Holcim and Note 25(e) to Lafarge's consolidated financial statements as of and for the year ended December 31, 2014 set out in the Lafarge 2014 Document de Référence, incorporated by reference hereto, for those pertaining to Lafarge).

Holcim, Lafarge, their subsidiaries and, going forward, LafargeHolcim agreements also include cross-acceleration clauses. If Holcim Ltd, Lafarge S.A., their subsidiaries or, going forward, LafargeHolcim fails to comply with its covenants, then the lenders could declare default and accelerate repayment of a significant part of the debt.

If the construction sector deteriorates, the reduction of the operating cash flows could make it necessary to obtain additional financing. Changing conditions in the credit markets and the level of the outstanding debt of LafargeHolcim could impair its ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes, or make access to this financing more expensive than anticipated. This could result in greater vulnerability, in particular by limiting its flexibility to adjust to changing market conditions or withstand competitive pressures.

4 Unaudited Pro Forma Financial Information

LafargeHolcim's Unaudited Pro Forma Financial Information has been prepared assuming that 100 per cent. of the shares of Lafarge will be tendered in the Exchange Offer and to illustrate the effect of such acquisition of 100 per cent. of the shares of Lafarge by Holcim and of the Divestitures, as if they had both been completed on January 1, 2014 for the purposes of the Unaudited Pro Forma Statement of Income, and on December 31, 2014 for the purposes of the Unaudited Pro Forma Statement of Financial Position. LafargeHolcim's Unaudited Pro Forma Financial Information was prepared on the basis of a number of assumptions as outlined in "Note 1 : Description of the Transaction and basis of preparation" of the Notes to the Unaudited Pro Forma Financial Information set out in Section 4.3 of this Part I. The Unaudited Pro Forma Financial Information does not reflect the operating results or financial position which LafargeHolcim would have had if Holcim had actually acquired 100 per cent. of the shares of Lafarge and the Divestitures had been actually completed on the respective dates set out above. The Unaudited Pro Forma Financial Information presented below does not reflect the effect of any synergies that may result from the Merger or any severance, integration or restructuring costs that may be incurred following the Merger and the related Divestiture.

The information presented below should be read in conjunction with the information contained in Section "Forward-Looking Statements", in Section 3 "Risk Factors" of this Part I, in particular Section 3.1.2 "Indicative Nature of the Unaudited Pro Forma Financial Information" and elsewhere in this Registration Document.

LafargeHolcim's Unaudited Pro Forma Financial Information is not necessarily indicative of the results of operations in future periods or of the future financial position of LafargeHolcim and there can be no assurance that the trends indicated by the Unaudited Pro Forma Financial Information (or by the separate financial statements of Holcim and Lafarge) are representative of the future results or performance of LafargeHolcim. Accordingly, LafargeHolcim's results and financial condition may differ significantly from those portrayed by the Unaudited Pro Forma Financial Information.

4.1 Background

Context of the publication of the pro forma financial information

On April 7, 2014, the Boards of Directors of Holcim Ltd ("**Holcim**") and Lafarge S.A. ("**Lafarge**") unanimously approved the intention to combine the two groups through a merger of equals (the "**Merger**"). On March 20, 2015, the Boards of Directors of Holcim and Lafarge have reached an agreement to amend the terms of the Merger as previously announced on April 7, 2014. The proposed Merger to create LafargeHolcim, the "**combined group**", is structured as a public exchange offer filed by Holcim for all outstanding shares of Lafarge on the basis of a 9 for 10 exchange ratio. A Lafarge shareholder tendering 10 Lafarge shares to the contemplated exchange offer would receive 9 newly issued registered shares of LafargeHolcim. The Merger is subject to Holcim holding at least two thirds of the share capital or voting rights of Lafarge on a fully diluted basis. The proposed Merger is also conditional upon, among other things, approval of the shareholders of Holcim and obtaining required regulatory and other customary authorizations, which entails divestments of some of the existing activities of the two groups.

Holcim and Lafarge have also agreed that, subject to Holcim shareholders' approval, the combined group will announce a post-closing scrip dividend of 1 new LafargeHolcim share for each 20 LafargeHolcim existing shares.

Presented pro forma financial information

The Unaudited Pro Forma Financial Information has been prepared in million of Swiss Francs (CHF) and reflects the Merger of Holcim and Lafarge under the acquisition method as if the Merger had occurred as at December 31, 2014 for pro forma statement of financial position purposes and on January 1, 2014 for pro forma statement of income purposes. For accounting purposes, Holcim is deemed the acquirer in accordance with IFRS 3 - Business Combinations. The Unaudited Pro Forma Financial Information consists of the following information:

- a pro forma statement of financial position as at December 31, 2014,
- a pro forma statement of income for the year then ended December 31, 2014, and
- explanatory notes.

The Unaudited Pro Forma Financial Information has been compiled and should be read in conjunction with the respective following documents:

- the audited consolidated financial statements as at and for the year ended December 31, 2014, of Holcim prepared in accordance with IFRS as issued by the IASB, and
- the audited consolidated financial statements as at and for the year ended December 31, 2014, of Lafarge prepared in accordance with IFRS as adopted by the EU,

all of which are presented or incorporated by reference elsewhere in this Registration Document.

The pro forma adjustments are based upon available information and certain preliminary estimates and assumptions which are believed to be reasonable, including the assumption that pursuant to the amended terms of the Combination Agreement every 10 outstanding shares of Lafarge common stock at the effective time of the Merger will be tendered to the offer for exchange into 9 registered shares of Holcim.

The Unaudited Pro Forma Financial Information reflects a hypothetical situation and is presented exclusively for illustrative purposes, as such it does not provide an indication of the results of operating activities nor the financial position of the combined group that would have been obtained as of and for the period ended on December 31, 2014, had the Merger been completed at the dates considered (see Note 1-f). Similarly, it does not provide an indication of the future results of operating activities or financial position of the combined group.

In the Unaudited Pro Forma Financial Information, the consideration transferred for the Merger is based on the outstanding number of Lafarge shares as of December 31, 2014, the Holcim closing share price as of March 20, 2015, i.e. the announcement date of the amended terms of the Merger, and the fair value of outstanding Lafarge stock options and other equity awards.

The excess of the consideration transferred over the preliminary fair value of the acquired Lafarge identifiable net assets is recorded as goodwill on a preliminary basis. Definitive valuations will be performed and the purchase accounting will be finalized based upon valuations and other studies that will be performed with the services of outside valuation specialists after the effective date of the Merger. Accordingly, the purchase accounting pro forma adjustments are preliminary and have been made solely for the purpose of preparing the Unaudited Pro Forma Financial Information and as such are hypothetical and subject to revision based on the final determination of the fair value of the assets and liabilities acquired on the date of the Merger within the 12 months following the completion of the Merger.

In addition, the Unaudited Pro Forma Financial Information also reflects the estimated effect of the divestments of certain entities and assets (the "**Divested Businesses**" or the "**Divestiture**") carried out as part of a rebalancing of the global portfolio of the combined group resulting from the Merger and to address potential regulatory concerns (see Note 4). The unaudited pro forma adjustments are based upon information available as of May 5, 2015 and certain preliminary estimates and assumptions which are believed to be reasonable. Potential additional divestments or other decisions reached under change-of-control or similar clauses since May 5, 2015 are not reflected in the Unaudited Pro Forma Financial Information.

The unaudited pro forma adjustments reflecting the Merger and the related Divestiture are for illustrative purposes only and are not indicative of the results of operations that would have occurred had the proposed transactions been consummated at the dates considered, nor are they indicative of future operating results.

The unaudited pro forma adjustments reflecting the Merger and the related Divestiture do not give effect to any synergies which may result from it, nor any severance or restructuring costs that may be incurred following the Merger and the related Divestiture. The estimated net gain after tax on the disposal of the Divested Businesses reflected in the Unaudited Pro Forma Financial Information has been estimated based on assumptions which are believed to be reasonable. The following unaudited pro forma adjustments reflecting the Divestiture on the Unaudited Pro Forma Financial Information are presented:

- to remove assets and liabilities of Holcim and Lafarge Divested Businesses and to reflect such estimated net gain after tax as part of the preliminary purchase accounting with respect to Lafarge Divested Businesses in the Unaudited Pro Forma Statement of Financial Position as at December 31, 2014 and
- to exclude revenues and expenses of Holcim and Lafarge Divested Businesses and to reflect such estimated net gain after tax with respect to Holcim Divested Businesses in the Unaudited Pro Forma Statement of Income for the twelve-month period ended December 31, 2014 as described in Note 4.

The Unaudited Pro Forma Financial Information also reflects the impact of contractual change-of-control provisions, non-compete clauses, mandatory take-overs or other Merger related agreements, that may result in a cash out impact and/or change of scope, to the extent the impact of such contractual arrangements is factually supportable and can be reasonably estimated at this stage. Additional details in this respect are indicated in Note 3-c (2) as part of the sub-section pertaining to China. Analysis and discussions are still ongoing in few other jurisdictions which may result in a cash out impact and/or change in scope.

The Unaudited Pro Forma Financial Information does not reflect any integration costs which may be incurred as a result of the Merger and the Divestiture.

4.2 Unaudited Pro Forma Statement of Financial Position as at December 31, 2014

	Holcim historical information under pro forma presentation (Note 2a)	Lafarge historical information under pro forma presentation (Note 2b)	Lafarge historical goodwill adjustment (Note 3a)	Merger related pro forma adjustments (Table A)	Divestiture related pro forma adjustments (Table C)	Lafarge-Holcim Pro Forma Information	Convenience translation (*) of Lafarge-Holcim Pro Forma Information
			(CHF million)				*(EUR million)*
Cash and cash equivalents.........	2,149	2,358		201	6,913	11,621	11,017
Accounts receivable	2,695	1,921		319	(443)	4,492	4,259
Inventories	1,863	1,775		182	(346)	3,474	3,293
Prepaid expenses and other current assets............................	317	1,007		114	(114)	1,324	1,255
Assets classified as held for sale	283			419	(193)	509	483
Total current assets..................	**7,307**	**7,061**		**1,235**	**5,817**	**21,420**	**20,307**
Long-term financial assets	491	949		(277)	(4)	1,159	1,099
Investments in associates and joint ventures	1,758	3,675		725	(1,887)	4,271	4,049
Property, plant and equipment...	21,410	14,495		11,488	(2,912)	44,481	42,170
Goodwill..................................	7,176	13,663	(13,663)	10,346	(1,828)	15,694	14,879
Intangible assets........................	603	420		396	(46)	1,373	1,302
Deferred tax assets	527	1,554		46	(66)	2,061	1,954
Other long-term assets	412	42			(24)	430	407
Total long-term assets.............	**32,377**	**34,798**	**(13,663)**	**22,724**	**(6,767)**	**69,469**	**65,860**
Total assets	**39,684**	**41,859**	**(13,663)**	**23,959**	**(950)`**	**90,889**	**86,167**
Trade accounts payable	2,101	2,282		432	(478)	4,337	4,112
Current financial liabilities........	2,502	2,491		1,572	(23)	6,542	6,202
Current income tax liabilities	419	127		5	(46)	505	479
Other current liabilities	1,634	1,411		555	(132)	3,468	3,288
Short term provisions	234	90		1	(38)	287	272
Liabilities directly associated with assets classified as held for sale	33					33	31
Total current liabilities	**6,923**	**6,401**		**2,565**	**(717)**	**15,172**	**14,384**
Long-term financial liabilities ...	9,291	11,273		2,580	(9)	23,135	21,933
Defined benefit obligations	863	1,681		5	(88)	2,461	2,333
Deferred tax liabilities...............	1,415	1,019		2,838	(155)	5,117	4,851
Long-term provisions................	1,080	692		11	(133)	1,650	1,564
Total long-term liabilities	**12,649**	**14,665**		**5,434**	**(385)**	**32,363**	**30,681**
Total liabilities.........................	**19,572**	**21,066**		**7,999**	**(1,102)**	**47,535**	**45,065**
Total equity attributable to the shareholders	**17,430**	**18,585**	**(13,663)**	**15,269**	**188**	**37,809**	**35,845**
Non-controlling interests...........	2,682	2,208		691	(36)	5,545	5,257
Total shareholders' equity......	**20,112**	**20,793**	**(13,663)**	**15,960**	**152**	**43,354**	**41,102**
Total liabilities and shareholders' equity.................	**39,684**	**41,859**	**(13,663)**	**23,959**	**(950)**	**90,889**	**86,167**

Note:

* The translation into Euro of the LafargeHolcim Pro Forma Information has been presented for convenience purposes only, using the exchange rate as of March 20, 2015 (EUR 1 = CHF 1,0548). As a convenience translation, it is not intended to reflect what the pro forma financial information would have been had it been prepared in euros by applying the provisions of IAS 21 – The effects of changes in foreign exchange rates, nor is it indicative of the euro amounts into which the pro forma assets and liabilities, income and expenses could have been or could be converted.

4.3 Unaudited Pro Forma Statement of Income for the year ended December 31, 2014

	Holcim historical information under pro forma presentation (Note 2a)	Lafarge historical information under pro forma presentation (Note 2b)	Merger related pro forma adjustments (Table B)	Divestiture related pro forma adjustments (Table D)	Lafarge-Holcim Pro Forma Information	Convenience translation (*) of Lafarge-Holcim Pro Forma Information
			(CHF million)			*(EUR million)*
Net sales	**19,110**	**15,599**	**1,392**	**(3,499)**	**32,602**	**30,908**
Production cost of goods sold	(10,476)	(8,396)	(1,399)	1,906	(18,365)	(17,411)
Gross profit	**8,634**	**7,203**	**(7)**	**(1,593)**	**14,237**	**13,497**
Distribution and selling expenses	(4,924)	(3,850)	(333)	850	(8,257)	(7,828)
Administration expenses	(1,221)	(1,068)	(108)	182	(2,215)	(2,100)
Operating profit before other income (expense)	**2,489**	**2,285**	**(448)**	**(561)**	**3,765**	**3,569**
Other income (expense)	30	(512)	545	254	317	301
Operating profit	**2,519**	**1,773**	**97**	**(307)**	**4,082**	**3,870**
Share of profit of associates and joint ventures	140	84	22	(66)	180	172
Financial income	183	199		(2)	380	360
Financial expenses	(635)	(1,256)	(161)	71	(1,981)	(1,879)
Income before taxes	**2,207**	**800**	**(42)**	**(304)**	**2,661**	**2,523**
Income taxes	(588)	(467)	(11)	76	(990)	(939)
Net income	**1,619**	**333**	**(53)**	**(228)**	**1,671**	**1,584**
Attributable to:						
Shareholders	1,287	174	(2)	(212)	1,247	1,182
Non-controlling interest	332	159	(51)	(16)	424	402
Weighted average number of shares outstanding (in thousands)	325,734	287,419			613,821	613,821
Earnings per share (**):						
Basic earnings per share attributable to the shareholders (CHF/share)	3.95	0.60			2.03	1.93
Diluted earnings per share attributable to the shareholders (CHF/share)	3.95	0.59			2.01	1.90

Notes:

* The translation into Euro of the LafargeHolcim Pro Forma Information has been presented for convenience purposes only, using the exchange rate as of March 20, 2015 (EUR 1 = CHF 1,0548). As a convenience translation, it is not intended to reflect what the pro forma financial information would have been had it been prepared in euros by applying the provisions of IAS 21 – The effects of changes in foreign exchange rates, nor is it indicative of the euro amounts into which the pro forma assets and liabilities, income and expenses could have been or could be converted.

** The scrip dividend and the exchange ratio are reflected and considered in the pro forma earnings per share and number of outstanding shares. Further details are provided in Note 3- d (1).

Table A: Merger related pro forma adjustments – Statement of Financial Position

	Purchase accounting (*)	Note 3c	Change of scope effect	Note 3c	Transaction costs	Note 3c	Merger related pro forma adjustments
				(CHF million)			
Cash and cash equivalents......			201	(2)			201
Accounts receivable			319	(2)			319
Inventories			182	(2)			182
Prepaid expenses and other current assets.........................			114	(2)			114
Assets classified as held for sale..	419	(1)					419
Total current assets	**419**		**816**				**1,235**
Long-term financial assets......			(277)	(2)			(277)
Investments in associates and joint ventures.........................	1,697	(1) (2)	(972)	(2)			725
Property, plant and equipment	8,900	(1)	2,588	(2)			11,488
Goodwill	10,346	(1)		(2)			10,346
Intangible assets			396	(2)			396
Deferred tax assets			10	(2)	36	(4)	46
Other long-term assets...........							
Total long-term assets	**20,943**		**1,745**		**36**		**22,724**
Total assets...........................	**21,362**		**2,561**		**36**		**23,959**
Trade accounts payable			432	(2)			432
Current financial liabilities	792	(1)	780	(2)			1,572
Current income tax liabilities .			5	(2)			5
Other current liabilities..........	199	(1)	221	(2)	135	(3)	555
Short term provisions			1	(2)			1
Total current liabilities	**991**		**1,439**		**135**		**2,565**
Long-term financial liabilities	1,670	(1)	910	(2)			2,580
Defined benefit obligations			5	(2)			5
Deferred tax liabilities...........	2,795	(1) (4)	43	(2)			2,838
Long-term provisions			11	(2)			11
Total long-term liabilities.....	**4,465**		**969**				**5,434**
Total liabilities......................	**5,456**		**2,408**		**135**		**7,999**
Total equity attributable to the shareholders	**15,368**	(1)			**(99)**	(3) (4)	**15,269**
Non-controlling interests........	538	(1) (2)	153	(2)			691
Total shareholders' equity...	**15,906**		**153**		**(99)**		**15,960**
Total liabilities and shareholders' equity.............	**21,362**		**2,561**		**36**		**23,959**

Note:

* The mandatory take-overs and non-compete clauses are reflected in the purchase accounting column whereas the change in consolidation method resulting from them is reflected in the change of scope effect column.

Table B: Merger related pro forma adjustments – Statement of Income

	Purchase accounting (*)	Note 3d	Change of scope effect	Note 3d	Transaction costs	Note 3d	Merger related pro forma adjustments
				(CHF million)			
Net sales			**1,392**	**(2)**			**1,392**
Production cost of goods sold	(550)	(1)	(849)	(2)			(1,399)
Gross profit	**(550)**		**543**				**(7)**
Distribution and selling expenses			(333)	(2)			(333)
Administration expenses			(108)	(2)			(108)
Operating profit before other income (expense)	**(550)**		**102**				**(448)**
Other income (expense)	543	(2)	(16)	(2)	18	(3)	545
Operating profit	**(7)**		**86**		**18**		**97**
Share of profit of associates and joint ventures			22	(2)			22
Financial income							
Financial expenses			(161)	(2)			(161)
Income before taxes	**(7)**		**(53)**		**18**		**(42)**
Income taxes	18	(5)	(14)	(5)	(15)	(5)	(11)
Net income	**11**		**(67)**		**3**		**(53)**
Attributable to:							
Shareholders	54		(59)		3		(2)
Non-controlling interest	(43)		(8)				(51)

Note:

* The mandatory take-overs and non-compete clauses are reflected in the purchase accounting column whereas the change in consolidation method resulting from them is reflected in the change of scope effect column.

Table C: Divestiture related pro forma adjustments – Statement of Financial Position

	Holcim Divested Businesses	Note 4c	Lafarge Divested Businesses	Note 4c	Divestiture related pro forma adjustments
			(CHF million)		
Cash and cash equivalents	2,780		4,133		6,913
Accounts receivable	(366)		(77)		(443)
Inventories	(219)		(127)		(346)
Prepaid expenses and other current assets	(41)		(73)		(114)
Assets classified as held for sale			(193)		(193)
Total current assets	**2,154**		**3,663**		**5,817**
Long-term financial assets	(1)		(3)		(4)
Investments in associates and joint ventures	(4)		(1,883)		(1,887)
Property, plant and equipment	(1,842)		(1,070)		(2,912)
Goodwill	(852)		(976)		(1,828)
Intangible assets	(37)		(9)		(46)
Deferred tax assets	(36)		(30)		(66)
Other long-term assets	(24)				(24)
Total long-term assets	**(2,796)**		**(3,971)**		**(6,767)**
Total assets	**(642)**		**(308)**		**(950)**
Trade accounts payable	(303)		(175)		(478)
Current financial liabilities	(7)		(16)		(23)
Current income tax liabilities	(36)		(10)		(46)
Other current liabilities	(115)		(17)		(132)
Short term provisions	(20)		(18)		(38)
Total current liabilities	**(481)**		**(236)**		**(717)**
Long-term financial liabilities	(9)				(9)
Defined benefit obligations	(51)		(37)		(88)
Deferred tax liabilities	(142)		(13)		(155)
Long-term provisions	(111)		(22)		(133)
Total long-term liabilities	**(313)**		**(72)**		**(385)**
Total liabilities	**(794)**		**(308)**		**(1,102)**
Total equity attributable to the shareholders	**188**				**188**
Non-controlling interests	(36)				(36)
Total shareholders' equity	**152**				**152**
Total liabilities and shareholders' equity	**(642)**		**(308)**		**(950)**

Table D: Divestiture related pro forma adjustments – Statement of Income

	Holcim Divested Businesses	Note 4d	Lafarge Divested Businesses	Note 4d	Divestiture related pro forma adjustments
			(CHF million)		
Net sales	**(2,114)**		**(1,385)**		**(3,499)**
Production cost of goods sold	1,258		648		1,906
Gross profit	**(856)**		**(737)**		**(1,593)**
Distribution and selling expenses	506		344		850
Administration expenses	108		74		182
Operating profit before other income (expense)	**(242)**		**(319)**		**(561)**
Other income (expense)	234		20		254
Operating profit	**(8)**		**(299)**		**(307)**
Share of profit of associates and joint ventures	(1)		(65)		(66)
Financial income	(2)				(2)
Financial expenses	63		8		71
Income before taxes	**52**		**(356)**		**(304)**
Income taxes	(12)		88		76
Net income	**40**		**(268)**		**(228)**
Attributable to:					
Shareholders	41		(253)		(212)
Non-controlling interest	(1)		(15)		(16)

4.4 Notes to the Unaudited Pro Forma Financial Information

Note 1: Description of the Transaction and basis of preparation

1-a. Description of the Transaction

The Transaction consists of the Merger and the related Divested Businesses (also "**the Divestiture**") as described in the background section of this Unaudited Pro Forma Financial Information.

1-b. Regulatory framework

This Unaudited Pro Forma Financial Information is presented pursuant to the AMF (Autorité des Marchés Financiers) Instruction no. 2005-11 dated 13 December 2005, since this Merger involves a change in size of Holcim, being the accounting acquirer applying the provisions set by IFRS 3 - Business Combinations, of more than 25 per cent. in terms of revenue, earnings and total assets.

This Unaudited Pro Forma Financial Information has been prepared solely for the purpose of this Registration Document in accordance with Annex II of Commission Regulation (EC) no. 809/2004 "Pro Forma Financial Information Building Block", the recommendations issued by ESMA (formerly CESR) (ESMA/2013/319 of March 20, 2013) and the recommendations no. 2013-08 issued by AMF on pro forma financial information.

1-c. Historical financial information

Holcim historical financial information under pro forma presentation

The historical financial information of Holcim, presented under pro forma presentation (Note 2), is derived from the Holcim audited consolidated financial statements as at and for the year ended December 31, 2014 prepared in accordance with IFRS as issued by the IASB and included elsewhere in this Registration Document.

The consolidated financial statements of Holcim as of and for the year ended December 31, 2014 prepared in accordance with IFRS as issued by the IASB, have been audited by Ernst & Young AG.

Lafarge historical financial information under pro forma presentation

The historical financial information of Lafarge, presented under pro forma presentation (Note 2), is derived from the Lafarge audited consolidated financial statements as at and for the year ended December 31, 2014 prepared in accordance with IFRS as adopted by the EU and incorporated by reference in this Registration Document.

The consolidated financial statements of Lafarge as of and for the year ended December 31, 2014 prepared in accordance with IFRS as adopted by the EU, have been audited by Ernst & Young et Autres and Deloitte & Associés.

For the purpose of the historical financial information under pro forma presentation, there are no significant differences between IFRS as issued by the IASB and IFRS as adopted by the EU.

For the purposes of the Unaudited Pro Forma Financial Information, the statement of financial position and the statement of income of Lafarge taken from the Lafarge audited financial statements as at and for the year ended December 31, 2014 which are presented in Euro, have been translated into Swiss Francs (Note 2) using the foreign exchange rates indicated in Note 1-d.

1-d. Foreign exchange rates

- Translation of Lafarge historical financial information

The following foreign exchange rates have been applied for the translation of the Lafarge audited financial statements as at and for the year ended December 31, 2014:

Statement of Financial Position (closing rate):	1.2027	CHF/EUR,
Statement of Income (average rate):	1.2146	CHF/EUR,

corresponding to the closing rate as at December 31, 2014 and the average rate for the year ended December 31, 2014 respectively (*source: Bloomberg*).

- Convenience translation

A translation into Euro of the LafargeHolcim Pro Forma Information has also been presented for convenience purposes only, using the following exchange rate (*source: Bloomberg*):

Statement of Financial Position (March 20, 2015 rate):	1.0548	CHF/EUR,
Statement of Income (March 20, 2015 rate):	1.0548	CHF/EUR.

A convenience translation does not intend to reflect what the pro forma financial information would have been had it been prepared in euros by applying the provisions of IAS 21 - The effects of changes in foreign exchange rates, nor is it indicative of the euro amounts into which the pro forma assets and liabilities, income and expenses could have been or could be converted.

1-e. Other sources of information

In addition to the audited historical financial information of Holcim and Lafarge described above, the Unaudited Pro Forma Financial Information has been prepared using other sources of information as follows:

- Holcim prepared the unaudited statement of financial position as at December 31, 2014 and unaudited statement of income for the year ended December 31, 2014 and the expected related gain for the Divested Businesses that Holcim proposed to dispose in connection with the Merger (the "**Holcim Divested Businesses**"),

- Lafarge prepared the unaudited statement of financial position as at December 31, 2014 and unaudited statement of income for the year ended December 31, 2014 and the expected related gain for the Divested Businesses that Lafarge proposed to dispose in connection with the Merger (the "**Lafarge Divested Businesses**"),

- Lafarge appointed an external valuation specialist to perform a preliminary valuation of some Lafarge assets. Assets in scope were Property, plant and equipment, Investments in associates and joint ventures and Long-term financial liabilities. Intangible assets, Deferred taxes and Contingent liabilities were out of scope of the valuation effort for the purpose of the preliminary purchase accounting. The external valuation specialist was selected by Lafarge and reported only to Lafarge due to competition law restrictions. Holcim and Lafarge appointed jointly a second valuation specialist to review the valuation specialist preliminary conclusions for purpose of the pro forma financial information with access to the underlying/necessary accounting information in Lafarge's accounting records. Lafarge provided Holcim with the aggregated data needed to prepare the pro forma adjustments relating to the step-up of property, plant and equipment, including the related impact on non-controlling interests, as well as the step-ups on Investments in associates and joint ventures and Long-term financial liabilities, and, due to competition law restrictions, the second valuation specialist with the access to the underlying data, as further described in Note 3-b below,

- Lafarge provided an external accounting firm with the analysis by country prepared from its accounting records of the assets and liabilities, revenues and expenses and other accounting data, which Holcim could not have access to due to competition law restrictions, for Holcim to include the aggregated pro forma adjustments relating to changes in scope described in Note 3-c (2) and 3-d (2) below,
- Combination Agreement signed on July 7, 2014 as amended on March 20, 2015 and detailing the terms and conditions of the Merger,
- Divestiture Agreement ("Agreement for the sale and purchase of the project Cities Share") signed with affiliates of CRH International on January 31, 2015 and detailing the terms and conditions of the Divestiture, and
- Other terms agreed as part of the Divested Businesses in the USA.

1-f. Basis of preparation

The Unaudited Pro Forma Statement of Financial Position as at December 31, 2014 has been prepared, in million of Swiss Francs and reflects the Merger of Holcim and Lafarge using the acquisition method as if the Merger of Holcim and Lafarge and the disposal of the Divested Businesses had been completed on December 31, 2014.

The Unaudited Pro Forma Statement of Income for the year ended December 31, 2014 has been prepared in million of Swiss Francs and reflects the Merger of Holcim and Lafarge using the acquisition method as if the Merger of Holcim and Lafarge and the disposal of the Divested Businesses had been completed on January 1, 2014.

Due to rounding, numbers presented throughout this Unaudited Pro Forma Financial Information may not add up precisely to the totals provided.

The Unaudited Pro Forma Financial Information reflects a hypothetical situation and is presented exclusively for illustrative purposes, as such it does not provide for an indication of the results of operating activities or the financial position of the combined group that would have been obtained as of and for the period ended on December 31, 2014 had the Merger and the related Divestiture been completed at the dates considered. Similarly, it does not provide for an indication of the future results of operating activities or financial position of the combined group.

The unaudited pro forma adjustments are based upon information available as of May 5, 2015 and certain preliminary estimates and assumptions which are believed to be reasonable. Potential additional divestments or other decisions reached under change-of-control or similar clauses since May 5, 2015 are not reflected in the Unaudited Pro Forma Financial Information.

The Merger is treated as a business combination with Holcim being the accounting acquirer of Lafarge, applying the provisions of IFRS 3 – Business Combinations.

The Unaudited Pro Forma Financial Information has been prepared based upon the assumption that pursuant to the amended terms of the Combination Agreement every 10 outstanding shares of Lafarge common stock at the effective time of the Merger will be tendered to the offer for exchange into 9 registered shares of Holcim.

As such, the Unaudited Pro Forma Financial Information does not reflect a situation where some of the Lafarge shareholders (subject to the minimum two thirds condition precedent to the completion of the Merger described in the Background section of this Unaudited Pro Forma Financial Information) would not exercise their rights to exchange their Lafarge common shares for Holcim registered shares thus resulting in non-controlling interests in Lafarge for the combined group.

Further, all of the outstanding Lafarge stock options and other equity awards at the effective time of the Merger, whether vested or not vested, shall be converted into a right to acquire, on the same terms and conditions as were applicable under such Lafarge stock option plans prior to the closing, a number of Holcim registered shares determined by multiplying the number of shares subject to such award by the defined exchange ratio, at an exercise price determined by dividing the former exercise price by the defined exchange ratio.

For purpose of the Unaudited Pro Forma Financial Information, the current fair value of outstanding Lafarge stock options and other equity awards was provided, for vested and non-vested stock options and other equity awards, by Lafarge together with accelerated compensation impact in case of change of control, if any, with respect to non-vested stock options and other equity awards. The fair value (as prescribed by IFRS 3 – Business Combinations and IFRS 2 – Share-based payments) of outstanding Lafarge stock options and other equity awards was included in the calculation of the consideration transferred.

The accelerated compensation impact has been deemed not material and hence has not been reflected in the Unaudited Pro Forma Financial Information.

The outstanding Lafarge stock options and other equity awards have also been considered in the calculation of the pro forma diluted earnings per share.

The Unaudited Pro Forma Financial Information has been prepared reflecting preliminary purchase accounting, which is based on the reports from the valuation specialists as described in Note 1-e above.

The excess of the consideration transferred over the fair value of the acquired Lafarge identifiable net assets is recorded as goodwill on a preliminary basis. Definitive valuations as of the date of completion of the Merger will be performed and the final purchase accounting will be finalized based upon valuations and other studies that will be performed with the services of outside valuation specialists after the effective date of the Merger and within 12 months following the completion of the Merger. Accordingly, the purchase accounting pro forma adjustments are preliminary and have been made solely for the purpose of preparing the Unaudited Pro Forma Financial Information and as such are hypothetical and subject to revision based on a final determination of fair value after the effective date of the Merger. No fair value of contingent liabilities has been taken into account in the preliminary purchase accounting, as these elements cannot be reasonably estimated at this stage.

Where an estimate or assumption underlying a pro forma adjustment significantly impacts the Unaudited Pro Forma Financial Information, a sensitivity analysis is presented. This is the case with respect to the price of Holcim share assumed in the determination of the consideration transferred for the Merger and for the estimated amounts allocated to remaining useful life of property, plant and equipment considered as part of the purchase accounting exercise.

Only pro forma adjustments that are factually supportable and that can be estimated reliably at the date the Unaudited Pro Forma Financial Information is prepared have been taken into account. For instance, the Unaudited Pro Forma Financial Information does not reflect any restructuring or integration expenses that may be incurred in connection with the Merger and the Divestiture.

The Unaudited Pro Forma Financial Information also reflects the impact of contractual change-of-control provisions, non-compete clauses, mandatory take-overs or other Merger related agreements, that may result in a cash out impact and/or change of scope, to the extent the impact of such contractual arrangements is factually supportable and can be reasonably estimated at this stage. Additional details in this respect are indicated in Note 3-c (2) as part of the sub-section pertaining to China. Analysis and discussions are still ongoing in few other jurisdictions which may result in a cash out impact and/or change in scope.

The Unaudited Pro Forma Financial Information also does not reflect any cost savings potentially realizable from the elimination of certain expenses or from synergies that may be achieved from the Merger. The Unaudited Pro Forma Financial Information does not reflect either any tax effect or saving that would result from the integration of Lafarge into the new tax consolidation structure of the combined group.

Certain reclassifications, detailed in Note 2, have been made by Holcim and by Lafarge to their respective audited statement of financial position as at December 31, 2014 and statement of income for the year ended December 31, 2014 for the purpose of the Unaudited Pro Forma Financial Information to align the presentation of Holcim and Lafarge historical financial statements to the proposed presentation of the combined group.

The Unaudited Pro Forma Financial Information as of and for the year ended December 31, 2014 has not been adjusted to reflect the IFRIC agenda decision concerning classification of joint arrangements under IFRS 11 - Joint Arrangements published on April 9, 2015. Holcim will reflect this change starting from the second quarter of 2015. For additional details, refer to the Holcim Ltd. Q1 2015 interim report included in Section 3 of the Part IV of the Registration Document.

Subsequent to the effective date of the Merger, any transactions occurring between Lafarge and Holcim will be considered as intercompany transactions and be eliminated. Balances and transactions between Lafarge and Holcim as of and for the period presented are not significant and therefore no eliminations have been made in this Unaudited Pro Forma Financial Information.

In connection with the Merger, Holcim and Lafarge will divest, subject to certain conditions, certain entities and assets (the "**Divested Businesses**" and the "**Divestiture**") as part of a rebalancing of the global portfolio of the combined group resulting from the Merger and to address potential regulatory concerns. The Unaudited Pro Forma Financial Information only reflects the effect of the Divestiture further described in Note 4.

Note 2: Reclassifications made to Holcim and Lafarge historical statements of financial position and statements of income

Lafarge and Holcim both prepare their financial statements in accordance with IFRS, and no material differences have been identified in the way they apply these standards, based on the information available and that could be reasonably shared between Holcim and Lafarge prior to the completion of the Merger.

As such, no adjustments to align accounting policies have been deemed necessary for the purposes of the Unaudited Pro Forma Financial Information.

There are, however, certain differences in the way in which Holcim and Lafarge present items on their respective statement of financial position and statement of income. As a result, certain items have been reclassified by Holcim and Lafarge respectively in the Unaudited Pro Forma Statement of Financial Position and Statement of Income to align the presentation of Holcim and Lafarge historical financial statements.

Those reclassifications, which have no effect on total assets or net income, are detailed below.

Subsequent to the Merger, further reclassifications or adjustments may prove to be required when the combined group obtains full access to the information and finalizes the presentation of the financial statements as well as the alignment of accounting policies of the combined group.

2-a. Summary of reclassifications made to Holcim historical financial information

Statement of Financial Position

	Holcim historical financial information as at December 31, 2014	Reclassifications	Notes	Holcim historical information under pro forma presentation
		(CHF million)		
Cash and cash equivalents	2,149			2,149
Accounts receivable	2,695			2,695
Inventories	1,863			1,863
Prepaid expenses and other current assets	317			317
Assets classified as held for sale	283			283
Current assets	**7,307**			**7,307**
Long-term financial assets	491			491
Investments in associates and joint ventures	1,758			1,758
Property, plant and equipment	21,410			21,410
Goodwill		7,176	(a)	7,176
Intangible assets	7,779	(7,176)	(a)	603
Deferred tax assets	527			527
Other long-term assets	412			412
Long-term assets	**32,377**			**32,377**
Total assets	**39,684**			**39,684**
Trade accounts payable	2,101			2,101
Current financial liabilities	2,502			2,502
Current income tax liabilities	419			419
Other current liabilities	1,634			1,634
Short term provisions	234			234
Liabilities directly associated with assets classified as held for sale	33			33
Current liabilities	**6,923**			**6,923**
Long-term financial liabilities	9,291			9,291
Defined benefit obligations	863			863
Deferred tax liabilities	1,415			1,415
Long-term provisions	1,080			1,080
Long-term liabilities	**12,649**			**12,649**
Total liabilities	**19,572**			**19,572**
Total equity attributable to the shareholders	**17,430**			**17,430**
Non-controlling interests	2,682			2,682
Total shareholders' equity	**20,112**			**20,112**
Total liabilities and shareholders' equity	**39,684**			**39,684**

Note:

(a) Within the long-term assets section, "Intangible assets" has been split into two separate lines to clearly separate goodwill and intangible assets.

Statement of Income

	Holcim historical financial information for the year ended December 31, 2014	Reclassifications	Notes	Holcim historical information under pro forma presentation
		(CHF million)		
Net sales	**19,110**			**19,110**
Production cost of goods sold	(10,548)	72	(d)	(10,476)
Gross profit	**8,562**	**72**		**8,634**
Distribution and selling expenses	(4,924)			(4,924)
Administration expenses	(1,321)	100	(b) (d)	(1,221)
Operating profit	**2,317**	**(2,317)**	**(c)**	
Operating profit before other income (expense)		**2,489**	**(c)**	**2,489**
Other income (expense)	179	(149)	(d)	30
Operating profit		**24**	**(c)**	**2,519**
Share of profit of associates and joint ventures	140			140
Financial income	183			183
Financial expenses	(611)	(24)	(b)	(635)
Income before taxes	**2,207**			**2,207**
Income taxes	(588)			(588)
Net income	**1,619**			**1,619**
Attributable to:				
Shareholders	1,287			1,287
Non-controlling interest	332			332

Notes:

(b) In the Statement of Income, the net interest costs relating to the Defined benefits obligations, historically included in "Administration expenses" have been reclassified under "Financial expenses".

(c) "Operating profit" of Holcim historical financial statements has been renamed "Operating profit before other income (expense)". "Operating profit" has been preliminarily defined for the combined group to also include "Other income (expense)".

(d) In the Statement of Income, some non-recurring amounts historically included in "Production cost of good sold" and "Administration expenses" have been reclassified under "Other income (expense)" to conform with the preliminary presentation of the combined group. Those non-recurring amounts primarily include restructuring costs and transaction costs.

2-b. Summary of reclassifications made to Lafarge historical financial information

Statement of Financial Position

The presentation order of Lafarge historical financial statements has been adjusted to conform with the preliminary combined group presentation which lists the assets in order of maturity from shortest to longest, and of liquidity, from most liquid to least liquid.

	Lafarge historical financial information as at December 31, 2014	FX closing rate	Lafarge historical financial information as at December 31, 2014	Reclassifications	Notes	Lafarge historical information under pro forma presentation
	(EUR million)		*(CHF million)*			*(CHF million)*
Cash and cash equivalents	1,961	1.2027	2,358			2,358
Trade receivables	1,597	1.2027	1,921	(1,921)	(a)	
Accounts receivable		1.2027		1,921	(a)	1,921
Inventories	1,476	1.2027	1,775			1,775
Other receivables	714	1.2027	859	(859)	(a)	
Prepaid expenses and other current assets		1.2027		1,007	(a)	1,007
Derivative instruments	123	1.2027	148	(148)	(a)	
Current assets	**5,871**	**1.2027**	**7,061**			**7,061**
Other Financial Assets	739	1.2027	889	(889)	(b)	
Long-term financial assets		1.2027		949	(b)	949
Investments in associates and joint ventures	3,056	1.2027	3,675			3,675
Property, plant and equipment	12,052	1.2027	14,495			14,495
Goodwill	11,360	1.2027	13,663			13,663
Intangible assets	349	1.2027	420			420
Deferred tax assets	1,292	1.2027	1,554			1,554
Derivative instruments	50	1.2027	60	(60)	(b)	
Other receivables	35	1.2027	42	(42)	(b)	
Other long-term assets		1.2027		42	(b)	42
Long-term assets	**28,933**	**1.2027**	**34,798**			**34,798**
Total assets	**34,804**	**1.2027**	**41,859**			**41,859**
Trade payables	1,897	1.2027	2,282	(2,282)	(c)	
Trade accounts payable		1.2027		2,282	(c)	2,282
Other payables	1,173	1.2027	1,411	(1,411)	(c)	
Financial debt (including current portion of long-term debt)	2,045	1.2027	2,460	(2,460)	(c)	
Provisions	75	1.2027	90	(90)	(c)	
Current financial liabilities		1.2027		2,491	(c)	2,491
Current tax payables	106	1.2027	127	(127)	(c)	
Current income tax liabilities		1.2027		127	(c)	127
Other current liabilities		1.2027		1,411	(c)	1,411
Short term provisions		1.2027		90	(c)	90

	Lafarge historical financial information as at December 31, 2014	FX closing rate	Lafarge historical financial information as at December 31, 2014	Reclassifications	Notes	Lafarge historical information under pro forma presentation
	(EUR million)		*(CHF million)*			*(CHF million)*
Pensions & other employee benefits..........	94	1.2027	113	(113)	(d)	
Derivative instruments	26	1.2027	31	(31)	(c)	
Current liabilities	**5,416**	**1.2027**	**6,514**	**(113)**		**6,401**
Financial debt..	9,371	1.2027	11,271	(11,271)	(e)	
Long-term financial liabilities		1.2027		11,273	(e)	11,273
Pension & other employee benefits	1,304	1.2027	1,568	(1,568)	(e)	
Defined benefit obligations		1.2027		1,681	(e) (d)	1,681
Deferred tax liabilities	847	1.2027	1,019			1,019
Provisions...	515	1.2027	619	(619)	(e)	
Long-term provisions		1.2027		692	(e) (f)	692
Derivative instruments	2	1.2027	2	(2)	(e)	
Other payables..	60	1.2027	72	(72)	(f)	
Long-term liabilities	**12,099**	**1.2027**	**14,552**	**113**		**14,665**
Total liabilities	**17,515**	**1.2027**	**21,066**			**21,066**
Total equity attributable to the shareholders...	**15,453**	**1.2027**	**18,585**			**18,585**
Non-controlling interests	1,836	1.2027	2,208			2,208
Total shareholders' equity	**17,289**	**1.2027**	**20,793**			**20,793**
Total liabilities and shareholders' equity..	**34,804**	**1.2027**	**41,859**			**41,859**

Notes:

(a) Within the current assets section, "Other receivables" and "Derivative instruments" have been reclassified to "Prepaid expenses and other current assets". Also, "Trade receivables" have been reclassified to "Accounts receivable", to conform with the preliminary presentation of the combined group.

(b) Within the long-term assets section, "Other Financial Assets" and "Derivatives instruments" have been reclassified to "Long-term financial assets"; "Other receivables" have also been reclassified to "Other long-term assets" to conform with the preliminary presentation of the combined group.

(c) Within the current liabilities section, "Provisions", "Trade payables", "Other payables" and "Current tax payables" have been respectively reclassified to "Short term provisions", "Trade accounts payable", "Other current liabilities" and "Current income tax liabilities", to conform with the preliminary presentation of the combined group. Also, "Derivative instruments" and "Financial debt (including current portion of long-term debt)" have been reclassified to "Current financial liabilities".

(d) Within the current liabilities section, "Pensions & other employee benefits" have been reclassified within the long-term liabilities section to "Defined benefit obligations" to conform with the preliminary presentation of the combined group.

(e) Within the long-term liabilities section, "Pension & other employee benefits" and "Provisions" have been respectively reclassified to "Defined benefit obligations" and "Long-term provisions", to conform with the preliminary presentation of the combined group. Also, "Derivatives instruments" and "Financial debt" have been reclassified to "Long-term financial liabilities".

(f) Within the long-term liabilities section, "Other payables" have been reclassified to "Long-term provisions" to conform with the preliminary presentation of the combined group.

Statement of Income

	Lafarge historical financial information for the year ended December 31, 2014	FX rate	Lafarge historical financial information for the year ended December 31, 2014	Reclassifications	Notes	Lafarge historical information under pro forma presentation
	(EUR million)		*(CHF million)*			*(CHF million)*
Net sales	**12,843**	**1.2146**	**15,599**		**(g)**	**15,599**
Production cost of goods sold	(9,838)	1.2146	(11,949)	3,553	(g) (i)	(8,396)
Gross profit		**1.2146**		**3,553**	**(h)**	**7,203**
Selling and administrative expenses	(1,124)	1.2146	(1,365)	1,365	(j)	
Distribution and selling expenses		1.2146		(3.850)	(i) (j)	(3.850)
Administration expenses		1.2146		(1,068)	(j)	(1,068)
Operating income before capital gains, impairment, restructuring and other	**(1,881)**	**1.2146**	**2,285**	**(2,285)**	**(m)**	
Operating profit before other income (expense)				**2,285**	**(m)**	**2,285**
Net gains (losses) on disposals	292	1.2146	355	(355)	(k)	
Other operating income (expenses)	(713)	1.2146	(867)	867	(k)	
Other income (expense)		1.2146		(512)	(k)	(512)
Operating profit	**1,460**	**1.2146**	**1,773**			**1,773**
Share of profit of associates and joint ventures		1.2146		84	(l)	84
Share of net income (loss) of joint ventures and associates	69	1.2146	84	(84)	(l)	
Financial income	164	1.2146	199			199
Financial expenses	(1,034)	1.2146	(1,256)			(1,256)
Income before taxes	**659**	**1.2146**	**800**			**800**
Income taxes	(385)	1.2146	(467)			(467)
Net income	**274**	**1.2146**	**333**			**333**
Attributable to:						
Shareholders	143	1.2146	174			174
Non-controlling interest	131	1.2146	159			159

Notes:

(g) "Net sales" and "Production cost of good sold" were originally labelled "Revenue" and "Cost of good sold" in Lafarge's historical financial statements.

(h) Gross profit has not historically been disclosed in Lafarge's historical financial statements. It has been added to conform with the preliminary presentation of the combined group.

(i) In the Statement of Income, some amounts historically included in "Cost of goods sold" have been reclassified under "Distribution and selling expenses", to conform with the preliminary presentation of the combined group. Based on preliminary analysis, those amounts mainly relate to distribution costs. The amount reclassified corresponds to the estimated Lafarge distribution expense calculated using Holcim historical ratio of Distribution expenses / Net sales, i.e. 22.8% (CHF 4,353 million / CHF 19,110 million). Holcim historical distribution expenses is derived from Note 8 of Holcim 2014 audited financial statements.

(j) In the Statement of Income, "Selling and administrative expenses" have been split out between "Distribution and selling expenses" and "Administration expenses" to conform with the preliminary presentation of the combined group.

(k) "Net gains (losses) on disposals" and "Other operating income (expenses)" have been split out and reclassified under "Other income (expenses)" to conform with the preliminary presentation of the combined group.

(l) "Share of net income (loss) of joint ventures and associates" has been reclassified under "Share of profit of associates and joint ventures" to conform with the preliminary presentation of the combined group.

(m) "Operating income before capital gains, impairment, restructuring and other" in Lafarge historical financial statements has been renamed "Operating profit before other income (expense)" to conform with the preliminary presentation of the combined group.

Note 3: The Merger and related pro forma adjustments

3-a. Lafarge historical goodwill adjustment

An adjustment of CHF -13,663 million has been reflected in the Unaudited Pro Forma Statement of Financial Position, corresponding to the Lafarge pre-existing goodwill elimination that will be superseded by the new goodwill resulting from the preliminary purchase accounting detailed in Note 3-b and Note 3-c.

3-b. Consideration transferred and purchase accounting

The principles applied to account for the Merger of Holcim and Lafarge and are those defined in IFRS 3 – Business Combinations. The difference between the estimated consideration transferred for the Lafarge shares and the preliminary fair value of identifiable net assets of Lafarge is recognized as preliminary goodwill.

In consideration of the terms and characteristics of the Merger, Holcim has been determined to be the acquirer for accounting purposes. The date of the Merger is expected to be on or after July 1, 2015, at which date the fair value of the consideration transferred and the fair value of the acquired net assets of Lafarge will have to be determined.

- Consideration transferred

The consideration transferred is assumed to be equal to the number of Holcim shares to be issued (9 new shares for every 10 Lafarge shares exchanged) at the closing share price of Holcim at the date of acquisition, as well as any cash consideration to be paid in connection with mandatory take-over, non-compete clauses and Merger related agreements.

For the purpose of the Unaudited Pro Forma Financial Information, the consideration transferred has therefore been determined on the basis of:

- the exchange ratio of 9 Holcim shares for every 10 Lafarge shares exchanged,
- all outstanding Lafarge shares being tendered for exchange in the offer as of December 31, 2014,
- the fair value of Holcim shares issued in exchange for all outstanding Lafarge shares of CHF 76.15 per share corresponding to the Holcim closing share price as of March 20, 2015, i.e. on the announcement date of the amended terms of the Merger,
- the fair value (as prescribed by IFRS 3 – Business Combinations and IFRS 2 – Share-based payments) of Lafarge outstanding stock options and other equity awards for CHF 192 million recalculated as of December 31, 2014 using the above Holcim closing share price as of March 20, 2015, and
- the fair value of the cash consideration to be paid in connection with mandatory take-overs, non-compete clauses and Merger related agreements for CHF 792 million (see Note 3-c (2)).

The fair value of Holcim shares issued in exchange for all outstanding shares of Lafarge will be recalculated based on the actual closing share price at the Merger completion date anticipated to be on or after July 1, 2015.

The following table details a preliminary estimate of the consideration transferred:

Number of Lafarge outstanding shares as of December 31, 2014 (A)..............................	287,471,146
Exchange ratio into Holcim shares (B)...	0.9
Number of Holcim shares to be issued (C) = (A) x (B)...	258,724,031
Holcim closing share price as at March 20, 2015 (in CHF) (D)......................................	76.15
Fair value of the Holcim shares to be issued in exchange of Lafarge shares (in CHF million) (E) = (C) x (D) / 1,000,000	19,702
Fair value of Lafarge outstanding stock options and other equity awards (in CHF million) (F)	192
Cash consideration to be paid in connection with mandatory take-overs, non-compete clauses and Merger related agreements (in CHF million) (G)	792
Total estimated consideration transferred for the business combination (in CHF million) (H) = (E) + (F) + (G)	**20,686**

- Sensitivity analysis

The Holcim share price used to compute the estimated value of the consideration transferred for the Merger is based on the closing share price as of March 20, 2015, i.e. on the announcement date of the amended terms of the Merger. However, the actual measurement date for the value of Holcim shares under IFRS will be the Merger acquisition date anticipated to be on or after July 1, 2015. For each CHF 1.00 increase or decrease in the price of a Holcim share, the consideration for the Merger computed pursuant to the amended terms of the Combination Agreement and therefore the goodwill, would increase or decrease by approximately CHF 263 million, which includes the impact on (i) the fair value of the Holcim shares to be issued, and (ii) the fair value of Lafarge outstanding stock options and other equity awards.

- Purchase accounting

The Unaudited Pro Forma Financial Information reflects, a preliminary purchase accounting of the identifiable assets acquired and liabilities assumed of Lafarge as detailed in the table below.

	CHF million
Consideration transferred	**20,686**
Previously held interests of Holcim	737
Non-controlling interests of Lafarge	2,746
Sub-total	**24,169**
Lafarge's net assets before acquisition	20,793
Elimination of existing Lafarge goodwill	(13,663)
Net assets of stakes subject to mandatory take-overs, non-compete clauses and other Merger related agreements	515
Sub-total	**7,645**
Preliminary purchase accounting	
Divested Businesses (step-up)	419
Investments in associates and joint ventures (step-up)	1,376
Property, plant and equipment (step-up)	8,900
Long-term financial liabilities (step-up) and other current liabilities	(1,869)
Deferred tax liabilities on step-ups	(2,648)
Preliminary fair value of net assets acquired	**13,823**
Preliminary goodwill	**10,346**

The preliminary purchase accounting, further described in Note 3-c (1), has been solely performed for illustrative purposes in the Unaudited Pro Forma Financial Information.

In order to determine the above preliminary amount of goodwill, Holcim's previously held interests and Lafarge's non-controlling interests measured at historical carrying value plus the estimated non-controlling interests share in the step-up of Property, plant and equipment provided by Lafarge have been added to the consideration transferred.

Holcim's previously held interests relate to two associates in Nigeria and Egypt, respectively United Cement Company of Nigeria Ltd. ("Unicem") and Lafarge Cement Egypt SAE ("LCE"), which as a result of the Merger will become controlled entities (see Note 3-c (2)).

For the purposes of the acquisition-in-stages accounting, the Unaudited Pro Forma Financial Information reflects previously held interests of Holcim for an amount of CHF 737 million, consisting of (i) the fair value of previously held interests in LCE for CHF 597 million, after recognizing a revaluation gain of CHF 435 million on the book value of CHF 162 million as recorded in Holcim historical financial statements, and (ii) the fair value of previously held interests in Unicem for CHF 140 million, after recognizing a revaluation gain of CHF 108 million on the book value of CHF 32 million as recorded in Holcim historical financial statements.

The stakes subject to mandatory take-overs, non-compete clauses and other Merger related agreements relate to the Lafarge Chinese joint venture, Lafarge Shui On Cement Ltd ("LSOC"), its listed subsidiary Sichuan Shuangma Cement Co., Ltd. ("Shuangma") and the stakes in Unicem not currently owned by Holcim or Lafarge. Pursuant to mandatory take-overs regulations, non-compete clauses and other Merger related agreements, these stakes will need to be repurchased by the combined group. For the purposes of the Unaudited Pro Forma Financial Information, the mandatory take-overs, the non-compete clauses, the Merger related agreements and the Merger have been considered as a single transaction and hence reflected as part of the consideration transferred under the purchase accounting method (see Note 3-c (2)).

Lafarge's non-controlling interests at proportionate share of identifiable net assets exclude those attached to LCE for CHF 364 million (see Note 3-c (2)).

For purpose of the Pro Forma Statement of Income, the preliminary step-ups to Property, plant and equipment reflected in the Unaudited Pro Forma Financial Information have been depreciated over an average estimated remaining useful life of approximately 16 years as provided by Lafarge. The corresponding depreciation adjustment is reflected in the Unaudited Pro Forma Statement of Income, as detailed in Note 3-d (1). As a result, the final purchase accounting and the related estimated remaining useful lives could differ materially from the preliminary allocation reflected in the Unaudited Pro Forma Financial Information.

- Sensitivity analysis

Property, plant and equipment

The Unaudited Pro Forma Financial Information has been prepared based on the preliminary purchase accounting detailed above. The Unaudited Pro Forma Statement of Income reflects the additional depreciation expense related to the value allocated to the Property, plant and equipment, which has been determined using an estimated average remaining useful life of approximately 16 years for the purposes of the pro forma adjustments.

For each CHF 1 billion increase in the value allocated to the property, plant and equipment as part of the purchase accounting exercise, the depreciation and income before taxes would increase and decrease respectively by approximately CHF 63 million.

For a 1 year increase in the estimated average remaining useful life of the property, plant and equipment acquired, the depreciation expense and income before taxes would decrease and increase respectively by approximately CHF 28 million.

3-c. Merger related pro forma adjustments made to the Unaudited Pro Forma Statement of Financial Position as at December 31, 2014

Unless otherwise indicated, pro forma adjustments are determined before tax effect.

(1) Purchase accounting

Some adjustments have been made to reflect the preliminary purchase accounting in the Unaudited Pro Forma Statement of Financial Position as at December 31, 2014.

Only certain assets and liabilities, which were deemed the most significant, have been considered as part of this preliminary purchase accounting. Following completion of the Merger, definitive and comprehensive valuations will be performed which will include additional assets and liabilities which were out of scope of the preliminary valuation as indicated in Note 1-e. Those valuations and the related purchase accounting will be finalized based upon valuations and other studies that will be performed with the services of outside valuation specialists.

Definitive valuations may differ materially from the preliminary purchase accounting reflected in the Unaudited Pro Forma Financial Information as a result of a number of risks, uncertainties or assumptions, many of which are difficult to predict and may fluctuate due to market conditions by the effective date of the Merger.

To account for the preliminary purchase accounting and the resulting differences between the book values of assets acquired and liabilities assumed and their preliminary fair values, adjustments have been made to the following items:

- Divested businesses

An increase to the value of the Divested Businesses of Lafarge has been reflected for an amount of CHF 419 million under the line "Assets classified as held for sale" for purpose of the determination of the preliminary goodwill in the Pro Forma Statement of Financial Position. The Divested Businesses are described in Note 4-a.

The amount reflected corresponds to the estimated difference between the fair value of those assets and their carrying book value as provided by Lafarge.

The fair value of those assets has been determined based on the CRH Divestiture Agreement terms and the terms agreed as part of the Divested Businesses in the USA, as described in Note 4-a and the carrying book value of the Divested Businesses has been determined by Lafarge using the methodology described in Note 4-c (1).

- Investments in associates and joint ventures

The CHF 1,697 million impact on the Investments in associates and joint ventures consists of (i) the estimated difference of CHF 1,376 million between the fair value of Lafarge Investments in associates and joint ventures and the carrying book value of those investments, (ii) the estimated net assets of the stakes subject to the mandatory take-overs, non-compete clauses and other Merger related agreements for CHF 515 million, that is subsequently eliminated as part of the Change in scope effect and of which the consideration to be paid has been included in the consideration transferred (see Note 3-b), and (iii) the elimination of Holcim's previously held interests in Unicem and LCE for CHF 32 million and CHF 162 million respectively.

The fair value of those investments has been determined using various valuation methods such as cash flow projection methods. The valuations are based on preliminary assumptions which are affected by several external factors, such as market prices and foreign exchanges rates. Those input parameters may fluctuate by the effective date of the Merger and, as a result, may significantly affect the final fair value of those investments and the related step-ups.

- Property, plant and equipment

An increase to the value of property, plant and equipment for an amount of CHF 8,900 million has been reflected. This amount corresponds to the estimated difference between the fair value of Lafarge property, plant and equipment and the carrying book value of those assets. Those assets mainly relate to the cement and aggregates production plants, aggregate reserves as well as storage units.

The fair value of those assets has been determined based on a representative sample of the Lafarge cement plant population, using various valuation methods such as replacement cost and cash flow projection methods. The valuations are based on preliminary assumptions which are affected by several external factors, such as market prices and foreign exchange rates. Those input parameters may fluctuate by the effective date of the Merger and then affect significantly the final fair value of those assets and the related step- ups.

The remaining useful lives of those assets have been reassessed on the basis of the estimated lifespan of those assets and by applying the technical obsolescence ratio to the asset's accounting useful life.

- Long-term financial liabilities, current financial liabilities and other current liabilities

An increase to the value of long-term financial liabilities of CHF 1,670 million has been reflected which mainly relates to Lafarge's long-term financial debt. This amount corresponds to the estimated difference between the fair value of Lafarge long-term financial debt and its carrying book value at amortized cost, as recorded in the 2014 historical financial statements of Lafarge.

The fair value of the cash consideration of CHF 792 million to be paid in connection with mandatory take-overs and non-compete clauses pertaining to LSOC and Shuangma and Merger related agreements pertaining to Unicem (see Note 3-c (2)) has been included in the consideration transferred shown in Note 3-b and reflected under current financial liabilities in the presentation of the pro forma Statement of Financial Position.

An adjustment to other current liabilities of CHF 199 million has been reflected to decrease the net assets acquired of Lafarge by the impact of (i) Lafarge's decision announced on February 23, 2015, to equalize dividends to be paid from CHF 1.20 to CHF 1.52 (EUR 1 to EUR 1.27 applying the foreign exchange rate as at December 31, 2014) for year ended December 31, 2014 totalling CHF 94 million in the context of the Merger and (ii) Lafarge's estimate of transaction costs not yet reflected in the Lafarge 2014 financial statements of CHF 105 million as if all these costs had been incurred instantaneously at the time the Merger is completed.

- Intangible assets

The Unaudited Pro Forma Financial Information does not reflect, at this stage, any allocation to intangible assets.

Such an allocation cannot be reliably estimated at this stage due to competition law restrictions to share relevant information. However, it is expected, that upon completion of the Merger, some allocations will be made to intangible assets such as brands, customers' relationships and acquired technology, as part of the final purchase accounting.

- Goodwill

A new goodwill relating to the Merger has been recorded for an amount of CHF 10,346 million, consisting of the remaining balance not allocated as part of the preliminary purchase accounting.

The goodwill being ultimately determined by difference between the consideration transferred and the fair value of the acquired Lafarge identifiable net assets, which may both significantly fluctuate by the effective date of the Merger, the final goodwill may consequently differ materially from the amount reflected in the Unaudited Pro Forma Financial Information.

Especially, additional details are included in Note 3-b with regards to the goodwill sensitivity analysis.

- Deferred taxes

An adjustment to the deferred tax liabilities has been reflected for an amount of CHF 2,795 million consisting of (i) the deferred tax liabilities on the step-ups recognized as part of the purchase accounting for CHF 2,648 million, and (ii) the tax effect of the gain on Holcim's previously held interests in LCE and Unicem for CHF 147 million.

Further details on tax effect calculation are included in Note 3-c (4).

- Equity attributable to the shareholders

The preliminary purchase accounting results in an aggregate adjustment to shareholders' equity of CHF 15,368 million consisting of:

- the elimination of CHF 4,922 million of Lafarge historical equity attributable to the shareholders (CHF 18,585 million) net of Lafarge pre-existing goodwill (CHF -13,663 million – Note 3-a),
- the issuance of the new Holcim shares for CHF 19,702 million,
- the recognition of the fair value of Lafarge outstanding stock options and other equity awards for CHF 192 million, and

- the revaluation gain, net of tax, on Holcim's previously held interests in LCE and Unicem for CHF 396 million.

The Lafarge outstanding stock options and other equity awards are not included in the Lafarge outstanding shares used to determine the number of new Holcim shares to be issued assuming the stock options and equity awards would not be immediately exercised upon completion of the Merger.

The fair value (as prescribed by IFRS 3 – Business Combinations and IFRS 2 – Share-based payments) of the Lafarge outstanding stock options has been determined based on assumptions related to Holcim share price and information included in the notes to the Lafarge 2014 audited financial statements, using a Black & Scholes model. Some of the parameters used in the valuation are based on preliminary assumptions which are affected by several external factors, such as the Holcim share price. Those factors may fluctuate by the effective date of the Merger and, as a result, may significantly affect the final fair value of the Lafarge outstanding stock options and other equity awards.

- Non-controlling interest

An adjustment to the non-controlling interest has been reflected for an amount of CHF 538 million, consisting of the allocation of proportionate share of the step-up on property, plant and equipment to non-controlling interest for CHF 902 million based on an allocation of fair value (determined using a production capacity per country) to countries where non-controlling interests are present, net of the elimination of the non-controlling interest relating to LCE for CHF 364 million (see Note 3-c (2)).

(2) Change of scope effect

The Unaudited Pro Forma Financial Information reflects the change of scope effect resulting from the Merger of Holcim and Lafarge. This change of scope effect is directly attributable to the Merger and is the consequence of circumstances existing prior to the Merger in the following countries:

- Nigeria

The historical financial statements of Lafarge and Holcim both include interests (respectively 25.46 per cent. and 35.00 per cent.) in an associate located in Nigeria, Unicem, accounted for using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures.

Following the Merger, Holcim will obtain control over this entity through an acquisition-in-stages, as defined by IFRS 3 – Business Combinations.

The Unaudited Pro Forma Financial Information reflects the adjustments necessary to reflect the provisions of IFRS 10 – Consolidated Financial Statements, and IFRS 3 – Business Combinations; and use the method of full consolidation. As a result, the assets and liabilities of Unicem have been consolidated and reflected in the Unaudited Pro Forma Statement of Financial Position, whereas the interests in Unicem, included in Lafarge and Holcim's historical financial statements for respectively CHF 54 million and CHF 32 million have been eliminated.

A revaluation gain on the previously held interests in Unicem of CHF 108 million has been reflected in the Unaudited Pro Forma Financial Information.

For the purposes of the Unaudited Pro Forma Financial Information, this gain has been determined based on an estimated Unicem enterprise value using a market approach for minority shareholding.

Due to binding Merger related buy-out agreements with some local shareholders of Unicem, the corresponding non-controlling interests have been reflected as a current financial liability in the Unaudited Pro Forma Statement of Financial Position for approximately CHF 224 million.

This cash consideration of CHF 224 million to be paid pursuant to agreements signed in connection with the Merger, has been reflected as part of the total consideration, together with the mandatory take-overs, the non- compete clauses and other Merger related agreements totalling CHF 792 million, as also detailed in the below paragraph pertaining to China.

- Egypt

The historical audited consolidated financial statements of Holcim include interests (43.70 per cent.) in an associate located in Egypt, LCE, accounted for using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures.

The historical audited consolidated financial statements of Lafarge include interests (53.70 per cent.) in the same entity, LCE, but accounted for using the method of full consolidation in accordance with IFRS 10 – Consolidated Financial Statements.

Following the Merger, Holcim will obtain control over this entity through an acquisition-in-stages, as defined by IFRS 3 – Business Combinations.

The Unaudited Pro Forma Financial Information reflects the adjustments necessary to reflect the provisions of IFRS 10 – Consolidated Financial Statements and IFRS 3 – Business Combinations; and use the method of full consolidation. As a result, the interests in LCE, included in Holcim's historical financial statements for CHF 162 million, have been eliminated from the Unaudited Pro Forma Statement of Financial Position.

A revaluation gain on the previously held interests in LCE of CHF 435 million has been reflected in the Unaudited Pro Forma Financial Information.

For the purposes of the Unaudited Pro Forma Financial Information, this gain has been determined based on an estimated LCE enterprise value using a market approach for minority shareholding.

- China

The historical audited consolidated financial statements of Lafarge include interests (55.00 per cent.) in a joint venture located in China, LSOC, accounted for using the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures.

On March 3, 2015, Lafarge signed an agreement to acquire the remaining 45.00 per cent. stake held by SOCAM Development Limited in LSOC, for a consideration of approximately CHF 325 million (HK$ 2,553 million applying the foreign exchange rate as at December 31, 2014) subject to the completion of the Merger.

LSOC will thus become a wholly-owned subsidiary of the combined group following completion of the Merger and this acquisition, which is the consequence of the change of control and non-compete clauses and is directly attributable to the Merger and factually supportable.

As the agreement is binding subject to the completion of the Merger, the acquisition of the stake in LSOC is reflected as if it had occurred, on December 31, 2014 and January 1, 2014 as a direct consequence of the Merger for the purposes of the Unaudited Pro Forma Statement of Financial Position and Statement of Income, respectively.

Hence, the Unaudited Pro Forma Financial Information reflects the adjustments necessary to reflect this transaction and the provisions of IFRS 10 – Consolidated Financial Statements and IFRS 3 – Business Combinations and use the method of full consolidation. As a result, the assets and liabilities of LSOC have been consolidated and reflected in the Unaudited Pro Forma Statement of Financial Position, whereas the interests in LSOC, included in Lafarge's historical financial statements for approximately CHF 400 million have been eliminated, and the CHF 325 million consideration to be paid has been included in the consideration transferred shown in Note 3-b and reflected under current financial liabilities in the presentation of the pro forma Statement of Financial Position.

LSOC also has interests in a subsidiary, Shuangma, listed in Hong-Kong. In connection with the Merger and pursuant to local stock markets regulations, an estimated cash consideration of CHF 243 million is expected to be paid for the mandatory take-overs to be carried out for the non-controlling interests of Shuangma.

The CHF 243 million cash consideration for the mandatory take-over of Shuangma has been included in the consideration transferred shown in Note 3-b and reflected under current financial liabilities in the presentation of the pro forma Statement of Financial Position, together with the above mentioned CHF 325 million consideration for LSOC and the previously mentioned CHF 224 million consideration for Unicem, totalling to CHF 792 million.

(3) Transaction costs

The total estimated costs related to the Transaction amount to CHF 470 million, before tax, and mainly include share issuance costs, advisor fees and other one-off transaction costs.

Certain costs (CHF 230 million for both Lafarge and Holcim) were already included in the 2014 historical financial statements of Holcim and Lafarge.

Lafarge's estimated remaining transaction costs of CHF 105 million (translated using the average exchange rate 2014) have been reflected as part of the purchase accounting in Note 3-c (2), while Holcim's estimated remaining transaction costs of CHF 135 million have been reflected under other expenses against current liabilities in the Pro Forma Statement of Income and Statement of Financial Position.

Some of Holcim's transaction costs incurred relate to the issuance of new shares. These costs have been deemed immaterial and hence not reflected in the Unaudited Pro Forma Financial Information.

The estimated remaining transaction costs are not expected to have a recurring impact on the combined group's operating performance going forward, upon completion of the Merger and the Divestiture.

(4) Tax effect on adjustments

The Unaudited Pro Forma Financial Information reflects the tax effect on the above adjustments in connection with the Merger, applying:

- a tax rate of 27 per cent. for Holcim related adjustments, corresponding to the effective tax rate derived from the Holcim historical financial statements, and
- a normalized effective tax rate of 30 per cent. for all Lafarge related adjustments, except for the items incurred at parent company level which are subject to a statutory tax rate of 34 per cent.

3-d. Merger related Pro Forma adjustments made to the Unaudited Pro Forma Statement of Income for the year ended December 31, 2014

(1) Purchase accounting

- Depreciation of Property, plant and equipment

An adjustment has been made to reflect the depreciation expense related to the step-up in value of Property, plant and equipment arising from the purchase accounting for CHF 550 million for the year ended December 31, 2014.

The useful lives used to determine this expense, and the related sensitivity analysis are presented in Note 3-b above.

For the purposes of the Unaudited Pro Forma Statement of Income, this adjustment has been fully reflected under the "Production cost of goods sold" line. The classification of the depreciation expense may ultimately change based on the nature of the fair value allocated to the property, plant and equipment in the final purchase accounting upon completion of the Merger.

Similarly, for the purposes of the Unaudited Pro Forma Statement of Income, a portion of this adjustment and its related net income impact have been attributed to the non-controlling interests for an amount of CHF 43 million based on assumptions and estimates believed to be reasonable. The actual portion of the depreciation and the related net income impact attributable to the combined group's shareholders and the non-controlling interests may ultimately change based on the final purchase accounting and on the countries or entities where the step-ups on property, plant and equipment will ultimately be allocated.

After consideration of this CHF 550 million adjustment, the total pro forma depreciation and amortization expense amounts to CHF 2,930 million, for the year ended December 31, 2014.

- Revaluation gains on Holcim's previously held interest in LCE and Unicem

The rationale supporting the pro forma adjustment related to LCE and Unicem is described in Note 3-c (2) above.

Revaluation gains on Holcim's previously held interests in LCE and Unicem of CHF 435 million and CHF 108 million respectively have been reflected under the "Other income (expense)" line in the Unaudited Pro Forma Statement of Income, totalling CHF 543 million.

- Scrip dividend

The equity attributable to the shareholders includes the effect of the post-closing scrip dividend of 1 new LafargeHolcim share for each 20 existing shares, which is included in the amended terms of the Merger.

The total of new shares to be issued in connection with the scrip dividend is expected as follows (excluding the impact of treasury shares):

As of December 31, 2014	**Total**	***of which relating to Holcim***	***of which relating to Lafarge(*)***
Pro Forma number of outstanding shares	584,591,068	*325,867,037*	*258,724,031*
Scrip dividend parity	0.05	*0.05*	*0.05*
Number of shares to be issued in connection with the scrip dividend	29,229,554	*16,293,352*	*12,936,202*
Total number of shares post scrip dividend	**613,820,622**	***342,160,389***	***271,660,233***

Note:

* The 10:9 exchange ratio is reflected in the pro forma number of outstanding shares relating to Lafarge.

The scrip dividend will have no effect on the total amount of the equity attributable to the shareholders, but will have an impact on the earnings per share.

The scrip dividend is considered in the number of shares (613,820,622) used to determine the pro forma earnings per share reflected in the Unaudited Pro Statement of Income. The impact of the scrip dividend over the basic and diluted pro forma earnings per share is a decrease of CHF 0.11.

The above number of shares corresponds to (i) 325,867,037 Holcim shares consisting of Holcim outstanding shares as at December 31, 2014 for 327,086,376 net of treasury shares for 1,219,339, (ii) 258,724,031 Holcim newly issued shares in exchange for all Lafarge outstanding shares as at December 31, 2014 applying an exchange ratio of 9 new Holcim shares for 10 Lafarge shares, and (iii) the Holcim shares to be issued in connection with the scrip dividend for 29,229,554.

(2) Change of scope effect

The Unaudited Pro Forma Financial Information reflects the change of scope effect resulting from the Merger of Holcim and Lafarge. This change of scope effect is directly attributable to the Merger and is the consequence of circumstances existing prior to the Merger in the following countries:

- Nigeria

The rationale supporting the pro forma adjustment related to the entity located in Nigeria (Unicem) is described in Note 3-c (2) above.

As a result, the statement of income of Unicem has been consolidated and reflected in the Unaudited Pro Forma Financial Information, whereas the shares of profit of Unicem included in Lafarge and Holcim's historical financial statements for approximately CHF 10 million have been eliminated.

- Egypt

The rationale supporting the pro forma adjustment related to the entity located in Egypt (LCE) is described in Note 3-c (2) above.

As a result, the share of profit of LCE, included in Holcim's historical financial statements for CHF 16 million, has been eliminated and the amount of net income attributable to non-controlling interests of LCE included in Lafarge's historical financial statements has been reduced accordingly.

- China

The rationale supporting the pro forma adjustment related to the entity located in China (LSOC) is described in Note 3-c (2) above.

As a result, the statement of income of LSOC has been consolidated and reflected in the Unaudited Pro Forma Financial Information, whereas the share of profit of LSOC included in Lafarge's historical financial statements has been eliminated.

(3) Transaction costs

The background and rationale pertaining to the transaction costs are described in Note 3-c (3) above.

As a result, the Unaudited Pro Forma Statement of Income reflects the estimated remaining transaction costs to be incurred by the accounting acquirer, Holcim, for approximately CHF 135 million, while the transaction costs incurred by the acquiree for approximately CHF 153 million have been reflected as part of the purchase accounting and eliminated from the Unaudited Pro Forma Statement of Income.

(4) Interest expense relating to the step-up on long-term financial liabilities

The step-up of the long-term financial liabilities will impact the interest expense to be booked subsequent to the Merger. However, the Unaudited Pro Forma Statement of Income does not reflect this impact as it was deemed to have no significant impact on interest expense considering it would also depend on the use of the cash proceeds from the Holcim and Lafarge Divested Businesses that is not set to date.

(5) Tax effect on adjustments

The methodology applied and the assumptions made to determine the tax effect on the pro forma adjustments made to the Unaudited Pro Forma Statement of Income are described in Note 3-c (4) above.

Note 4: The Divestiture and related pro forma adjustments

4-a. Description of the Divestiture

Holcim and Lafarge will divest, subject to certain conditions, the Divested Businesses as part of a rebalancing of the global portfolio of the combined group resulting from the Merger and to address potential regulatory concerns. For the purposes of the Unaudited Pro Forma Financial Information, the Divested Businesses have been considered as follows:

- Deal with CRH International

Holcim, Lafarge and the Philippine Sellers (as defined in this Registration Document) received from affiliates of CRH International (“CRH”), an irrevocable binding offer to acquire certain businesses (the “CRH Divested Businesses”) for an enterprise value of CHF 7.8 billion (€6.5 billion applying the foreign exchange rate as at December 31, 2014), subject to usual adjustments related to the changes in the position of net debt, working capital and specific provisions until the closing of the disposals, and payable in cash on the closing date of the Divestiture, following the acquisition from Anglo-American of the remaining 50 per cent. interest in Lafarge Tarmac not currently owned by Lafarge, for which an agreement has been entered into, for a price of approximately CHF 1,360 million (GBP 885 million applying the foreign exchange rate as at December 31, 2014). The closing date of the Divestiture will be as soon as practicable after the conditions precedent of the Merger are satisfied and certain regulatory approvals are obtained, which is currently expected to occur in July 2015.

In connection with the Divestiture, Holcim and Lafarge will enter into a transitional services agreement and a license agreement with CRH, pursuant to which the combined group will supply certain services and license certain intellectual property to CRH and its affiliates and CRH and its affiliates will supply certain services to LafargeHolcim. As such, the sales and purchases between LafargeHolcim and the Divested Businesses expected to be covered by those transitional service agreements, and considered as intercompany transactions prior to the Divestiture, have been reinstated in the Pro Forma Financial Information as third party sales and purchases as indicated in Note 4-c (2).

The CRH Divested Businesses include affiliated entities and businesses of Holcim and Lafarge located in the United Kingdom, Continental Europe, Canada, the United States, the Philippines, Brazil and the Indian Ocean islands of La Réunion. In particular, the CRH Divested Businesses include the following assets:

CRH Divested Businesses in Europe:

- France: in metropolitan France, all of Holcim’s assets, except for its Altkirch cement plant and aggregates and ready-mix sites in the Haut-Rhin region, and a grinding station of Lafarge in Saint-Nazaire; Lafarge’s assets on La Réunion island, except for its shareholding in Ciments de Bourbon,
- Germany: all of Lafarge’s assets,
- Hungary: all of Holcim’s operating assets,
- Romania: all of Lafarge’s assets,
- Serbia: all of Holcim’s assets,
- Slovakia: all of Holcim’s assets, and

- United Kingdom: Lafarge Tarmac excluding the Cauldon cement plant and related assets and the Cookstown plant that will be retained by LafargeHolcim.

CRH Divested Businesses outside of Europe:

- Canada: all of Holcim's assets,
- United States: Holcim's Trident cement plant (Montana) and some terminals in the Great Lakes area,
- The Philippines: the shares of Lafarge Republic, Inc. (LRI) and other specific assets of the Philippine Sellers, except LRI's (i) investment in Lafarge Iligan, Inc., Lafarge Mindanao, Inc. and Lafarge Republic Aggregates, Inc., (ii) Star Terminal at the Harbour Center, Manila, and (iii) other related assets, and
- Brazil: assets from both Holcim and Lafarge, which include three integrated cement plants and two grinding stations, as well as some ready-mix plants located in the Southeastern region of Brazil.

  - Additional divestments in the USA

As announced on April 17, 2015, Holcim and Lafarge have negotiated with the staff of the Federal Trade Commission, a package of assets that they propose to divest in the United States ("the US Divested Businesses"), as part of the Merger. On May 4, Holcim and Lafarge obtained final approval from the competition authorities in the United States and in Canada with regards to the Merger.

The US Divested Businesses include:

- Lafarge Davenport cement plant (Iowa) and 7 terminals along the Mississippi River to be sold to Summit Materials ("Summit") for a total consideration of approximately CHF 445 million ($USD 450 million applying the foreign exchange rate as at December 31, 2014) in cash plus Summit's Bettendorf (Iowa) cement terminal,
- 3 Holcim terminals in Michigan and Illinois,
- Holcim Skyway (Illinois) slag grinding station, and
- Holcim Camden (New Jersey) slag grinding station, along with a terminal in Massachusetts.

The total consideration for the Holcim US Divested Businesses amounts to approximately CHF 62 million in cash.

  - Additional divestments in India

As announced on April 1, 2015, Lafarge and Holcim have received clearance from the Competition Commission of India (CCI) for the Merger. A package of asset divestments (the "Indian Divested Businesses") in Eastern India has been agreed with the CCI which includes:

- Lafarge Sonadih cement plant, and
- Lafarge Jojobera grinding station.

The negotiations and selling processes are still ongoing for those assets, and no binding offer has been signed at the date of preparation of the Unaudited Pro Forma Financial Information.

4-b. Accounting for the Divestiture in the Unaudited Pro Forma Financial Information

The Unaudited Pro Forma Statement of Financial Position, which is prepared as if the Merger of Holcim and Lafarge had been completed on December 31, 2014, reflects the Divestiture effect including the estimated gain from the sale of both the Holcim Divested Businesses and the Lafarge Divested Businesses as if it had actually occurred at that date.

The Unaudited Pro Forma Financial Information reflects this effect using several estimates and assumptions, which are believed to be reasonable. Because these assumptions are inherently subject to uncertainty, being based upon numerous factors, such as the exact perimeter of the assets divestments, the selling price and the book value of the disposed assets as well as events beyond the control of Lafarge and Holcim, the actual gain upon the effective sale may substantially differ from the one reflected in the Unaudited Pro Forma Financial Information. These adjustments are detailed in Note 4-c.

The Unaudited Pro Forma Statement of Income, which is prepared as if the Merger of Holcim and Lafarge had been completed on January 1, 2014, reflects the Divestiture effect by eliminating the statement of income contribution of the Divested Businesses.

The Unaudited Pro Forma Statement of Income reflects the gain expected from the sale for the Holcim Divested Businesses, but this adjustment is not expected to have a recurring and continuing impact on the statement of income of the combined group subsequent to the Merger.

These adjustments are detailed in Note 4-d.

In the respective 2014 audited financial statements of Holcim and Lafarge, the Divested Businesses were not presented as assets classified as held for sale in their respective statement of financial position nor discontinued operations in their statement of income, as the conditions set out by IFRS 5 – Non-current assets held for sale and discontinued operations were not met.

With regards to the Indian Divested Businesses, those have been reflected in the Unaudited Pro Forma Financial Information by removing revenues and expenses of the Indian Divested Businesses from the Unaudited Pro Forma Statement of Income and reclassifying the carrying value of the related assets under Assets classified as held for sale without recording a step-up of such assets to their estimated fair value, that would only reduce the preliminary goodwill arising from the purchase accounting of Lafarge.

With regards to the US Divested Businesses, the Unaudited Pro Forma Financial Information does not reflect the effect of the Summit's Bettendorf cement terminal (Iowa) received, as this effect cannot be reliably estimated at this stage. However, it is not expected to be material for the combined group.

4-c. The Divestiture related pro forma adjustments made to the Unaudited Pro Forma Statement of Financial Position as at December 31, 2014

(1) Determination of the net assets of the Divested Businesses

The Divested Businesses of Lafarge and Holcim are described in Note 4-a above.

The value of the net assets of the Divested Businesses for purposes of the pro forma adjustments corresponds respectively to their carrying amount in the books of Holcim as at December 31, 2014 and their estimated fair value for Lafarge, derived from the expected selling price of the Lafarge Divested Businesses.

In accordance with the sequence of events set forth in the Combination Agreement, the Unaudited Pro Forma Financial Information has been prepared using the assumption that the Divestiture is consummated on the effective date of the Merger of Lafarge and Holcim. Therefore, the value of Lafarge net assets to be divested incorporates and includes the revaluation of Lafarge assets and liabilities performed as part of the purchase accounting of Lafarge.

The Divested Businesses correspond, fully or partially, to legal entities or reporting packages which are included in the audited historical financial statements of Lafarge and Holcim. The value of the net assets of these businesses correspond to (i) all or the estimated portion of the carrying values recorded in the legal entities or reporting packages included in the audited consolidated financial statements of Lafarge and Holcim, and, (ii) the portion of additional value allocated to Lafarge assets as part of the purchase accounting exercise (Note 3-c).

Estimates that were necessary in the determination of Divested Businesses figures have been made using management's best knowledge of the Divested Businesses and using information from the sources described in Note 1-e above.

As a result, the Unaudited Pro Forma Statement of Financial Position reflects the elimination of the net assets of Divested Businesses after considering the cash proceeds from the Divestiture.

(2) Intercompany transactions

Intercompany transactions between the two groups included in the Unaudited Pro Forma Financial Information and the Divested Businesses, were originally eliminated from the respective audited consolidated financial statements of Lafarge and Holcim. As the Divested Businesses will be considered as third parties subsequent to their divestment, as indicated in Note 4-a, the significant intercompany transactions have been reinstated in the Unaudited Pro Forma Financial Information, based on the data that was available at Holcim and Lafarge levels.

(3) Tax effect on adjustments

The methodology applied and the assumptions made to determine the tax effect of the pro forma adjustments made to the Unaudited Pro Forma Statement of Financial Position are described in Note 3-c (4) above.

(4) Cash proceeds from the Divestiture and expected gain

Cash proceeds from the Divestiture have been reflected in an approximate amount of CHF 6.9 billion consisting of (i) CHF 6.4 billion of proceeds from the CRH Divested Businesses, and (ii) approximately CHF 0.5 billion of proceeds from the US Divested Businesses.

The proceeds from the CRH Divested Businesses have been determined based on preliminary assumptions which are believed to be reasonable, as well as based on the terms of the Divestiture Agreement, starting with an enterprise value for the CRH Divested Businesses of CHF 7.8 billion (€6.5 billion applying the foreign exchange rate as at December 31, 2014), adjusted with various items such as working capital adjustment and the acquisition from Anglo-American of the remaining 50 per cent. interest in Lafarge Tarmac not currently owned by Lafarge (see Note 4-a), resulting in estimated net cash proceeds of CHF 6.4 billion (€5.3 billion applying the foreign exchange rate as at December 31, 2014).

An expected gain upon the divestments of Holcim's businesses of approximately CHF 240 million, before tax effect, has been reflected in the Unaudited Pro Forma Statement of Financial Position and Statement of Income. This gain has been calculated using the cash proceeds from the divestments of Holcim's businesses, and their corresponding net carrying value, including amounts recorded in Holcim's equity such as currency translation adjustments (CTA). This amount is not expected to have a recurring and continuing impact subsequent to the Merger.

As the use of the cash proceeds from the Holcim and Lafarge Divested Businesses is not set to date, no related impact on Financial income or Financial expenses has been reflected in the Unaudited Pro Forma Statement of income.

4-d. The Divestiture related pro forma adjustments made to the Unaudited Pro Forma Statement of Income for the year ended December 31, 2014

(1) Determination of the Statement of Income items related to the Divestiture

The Divested Businesses of Lafarge and Holcim are described in Note 4-a above.

With regards to the Divested Businesses, their revenues and expenses have been eliminated from the Unaudited Pro Forma Financial Information except for the gain relating to the Holcim Divested Businesses.

The methodology applied and the assumptions made to determine the statement of income items related to the Divestiture adjusted in the Unaudited Pro Forma Statement of Income are consistent with the description made in Note 4-c (1) above.

(2) Intercompany transactions

The methodology applied and the assumptions made to determine the pro forma adjustments made to the Unaudited Pro Forma Statement of Financial Position in regards to the intercompany transactions are described in Note 4-c (2) above.

(3) Tax effect on adjustments

The methodology applied and the assumptions made to determine the tax effect on the pro forma adjustments made to the Unaudited Pro Forma Statement of Income are described in Note 3-c (4) above.

(4) Expected gain recognized upon the Divestiture

An expected gain upon the divestments of Holcim's businesses of approximately CHF 240 million has been reflected in the Unaudited Pro Forma Statement of Income. The methodology applied and the assumptions made to determine the gain reflected in the Unaudited Pro Forma Statement of Financial Position are described in Note 4-c (4) above.

4.5 Auditor's Report on the Unaudited Pro Forma Financial Information

To the Board of Directors of
Holcim Ltd, Jona

Zurich, 11 May 2015

Report on the Pro Forma Financial Information for the year ended 31 December 2014

In our capacity as auditors of Holcim Ltd, Jona ("**Holcim**" or the "**Company**") and in accordance with Commission Regulation (EC) n° 809/2004, we hereby report to you on the pro forma financial information of the Company. The pro forma financial information consists of the pro forma statement of financial position of LafargeHolcim as at 31 December 2014, the pro forma income statement of LafargeHolcim for the period ended 31 December 2014 as well as the background and related notes as set out in section 4 "Unaudited Pro Forma Financial Information" of Part I of the Registration Document of Holcim dated 11 May 2015 filed by the Company with the "*Autorité des Marchés Financiers*" (the "**AMF**") for purpose of the listing of Holcim shares on Euronext Paris and the public exchange offer of Holcim on Lafarge shares (the "**Pro Forma Financial Information**").The applicable criteria on the basis of which the board of directors has compiled the pro forma financial information are specified in the Background and Note 1 to the Pro Forma Financial Information (the "**applicable criteria**").

The pro forma financial information has been compiled by the board of directors for the sole purpose of illustrating the impact the Merger and the Divestiture described in the Background to the Pro Forma Financial Information might have had on the Company's financial position as at 31 December 2014 and its financial performance for the year ended 31 December 2014 had the Merger and the Divestiture taken place at 31 December 2014 and 1 January 2014 respectively. By its very nature, this information is based on a hypothetical situation and does not represent the financial position or performance that would have been reported, had the Merger and the Divestiture taken place at an earlier date than their actual or contemplated dates. As part of this process, information about the Company's financial position and financial performance has been extracted by the board of directors from the Company's financial statements for the period ended 31 December 2014, on which an audit has been performed.

Responsibility for the Pro Forma Financial Information

In accordance with Commission Regulation (EC) n°809/2004 and ESMA's recommendations on pro forma financial information, the board of directors is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Practitioner's Responsibilities

Our responsibility is to express an opinion, in the terms required by EU Regulation 809/2004, Appendix II, paragraph 7, about whether the pro forma financial information has been compiled, in all material respects, by the board of directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the board of directors has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant transaction on unadjusted financial information of the entity as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the board of directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria stated and this basis is consistent with Holcim Ltd's accounting policies.

Without qualifying our opinion, we draw your attention to the second and fourth bullet points of Note 1-e with respect to the sources of information used by Holcim because of competition law restrictions.

This report is intended for the sole purpose of the Registration Document of Holcim dated 11 May 2015 filed with the "AMF" for the purpose of listing of Holcim shares on Euronext Paris and the public exchange offer of Holcim on Lafarge shares and for the purpose of filing the prospectus filed with the AMF with SIX Swiss Exchange in connection with the public exchange offer of Holcim on Lafarge shares and may not be used for any other purpose.

Ernst & Young Ltd

Willy Hofstetter	Elisa Alfieri
Licensed Audit Expert	Licensed Audit Expert

5 Holding LafargeHolcim Shares and Rights Attached Thereto

5.1 Trading, Clearing and Holding of LafargeHolcim Shares

Simultaneously with the closing of the Exchange Offer and for the purpose of the dual listing of the LafargeHolcim Shares on the SIX Swiss Exchange in Zurich and on the regulated market of Euronext Paris, LafargeHolcim will put in place the following arrangements with respect to the trading, clearing and holding of the LafargeHolcim Shares.

Trading and Clearing

The LafargeHolcim Shares will trade in Swiss Francs on the SIX Swiss Exchange and in Euros on Euronext Paris. Investors will be equally able to trade on both exchanges and from one exchange to another (i.e. buying shares on one exchange and selling such shares on the other exchange), provided they make the necessary arrangements with their financial intermediary (which may entail additional costs).

Investors will bear the risk of the Euro/Swiss franc exchange rate.

Trades on both the SIX Swiss Exchange and Euronext Paris (including trades involving the two exchanges) are settled two trading days later (T+2 settlement cycle), the only discrepancy being when a particular day is a trading day on one exchange but is not on the other.

SIX SIS, a subsidiary of the SIX Swiss Exchange, will act as central securities depositary for the LafargeHolcim Shares. LafargeHolcim Shares traded on the SIX Swiss Exchange will directly clear through SIX SIS. Euroclear France will act as central securities depositary for shares traded on Euronext Paris. Payment of dividends and other corporate actions (preferential subscription rights or other distributions for instance) will be effected and transferred to the shareholder's financial intermediary, through SIX SIS for shares traded on the Swiss SIX Exchange and through SIX SIS and then through Euroclear Bank/Euroclear France for shares traded on Euronext Paris.

Because there can only be one central securities depositary with respect to a single class of securities, SIX SIS will be the central securities depositary with respect to all the shares issued by LafargeHolcim, while Euroclear France will be an intermediate one, only dealing with shares traded on Euronext Paris. Both SIX SIS and Euroclear France charge per share fees to the financial intermediaries that are members of these central securities depositaries and trade and hold shares cleared through them. As a result, the clearing and settlement costs incurred by a shareholder when trading LafargeHolcim Shares on Euronext Paris may be higher than the clearing and settlement costs incurred by the same shareholder when trading Lafarge shares. While it is not expected that holders of LafargeHolcim Shares on Euronext Paris will be directly charged for those potential additional central securities depositary fees by their financial intermediaries, it might be the case that such financial intermediaries will seek to pass this potential additional cost to their customers.

Holding of the LafargeHolcim Shares – Registration

Under Swiss Law and LafargeHolcim Ltd's Articles of Association, an acquirer of LafargeHolcim Shares needs to be registered in one of the two LafargeHolcim Ltd's share registers to be considered as a shareholder with voting rights. Shares whose holders are not registered are deemed "dispo" shares. They are entitled to the payment of dividends and other distributions, but not to attend and vote at Shareholders' Meetings.

As from the closing of the Exchange Offer, LafargeHolcim will maintain two share registers. One share register will be maintained in Switzerland by Nimbus AG, which currently maintains the Holcim share register (the "Swiss Share Register"). The second share register will be maintained by BNP Paribas Securities Services in France (the "French Share Register"). Both share registers contain the name, nationality and address of the shareholders and the number of shares held by each of them.

Registration in the Swiss Share Register

Shareholders can either register themselves directly in LafargeHolcim Ltd Swiss Share Register or shareholders can alternatively register themselves as beneficial owners through a nominee which has entered into a specific agreement for that purpose with LafargeHolcim Ltd. Acquirers of shares are registered upon request in the Swiss Share Register as shareholders with the right to vote if they expressly declare to have acquired the registered shares in their own name and for their own account. After hearing the registered shareholder or nominee, the Board of Directors of LafargeHolcim Ltd may cancel any registration in the share register, with retroactive effect as of the date of registration, which was made based on incorrect information. The relevant shareholder or nominee is immediately informed of the cancellation.

In Switzerland, a purchaser of LafargeHolcim Shares receives a registration form from the financial intermediary through which such purchaser has purchased and holds the LafargeHolcim Shares in order to be registered in the Swiss Share Register. Once the purchaser has filled in the form and has returned it to his financial intermediary, the form is sent to Nimbus AG who then registers the purchaser in the Swiss Share Register. Upon sale of the shares, the corresponding number of shares is automatically deducted from the number of shares shown as being held by such shareholder in the Swiss Share Register. Once a shareholder is registered, it stays in the Swiss Share Register and only the number of shares held varies. If it sells all of its shares, it no longer appears in the Swiss Share Register, but will not need to register again if it repurchases LafargeHolcim Shares.

Registration in the French Share Register

Shareholders holding their LafargeHolcim Shares in pure registered form will be directly registered in the French Share Register. Shareholders holding their LafargeHolcim Shares in administered registered form will be registered in the French Share Register indirectly through their financial intermediaries affiliated with Euroclear France. Shareholders registered in the French Share Register are entitled to attend and vote at Shareholders' Meetings.

It is expected that Holcim or, if after the closing of the Exchange Offer, LafargeHolcim will enter into a nominee agreement with Euroclear Bank SA/NV. The purpose of the nominee agreement is to allow shareholders holding their shares in bearer form to exercise their shareholder rights via Euroclear, in its role as a nominee. Please see Section 21.2.4.3 of Part III.

If Holcim or, if after the closing of the Exchange Offer, LafargeHolcim, fails to find an agreement with Euroclear Bank SA/NV on Euroclear's role as a nominee and, as a consequence, Euroclear Bank SA/NV does not become a nominee, shareholders holding their LafargeHolcim Shares in bearer form and who want to vote or participate in the Shareholders' Meeting in person will need to ask to their financial intermediaries to convert their shares from the bearer form into the pure or administered registered form and register themselves on the French Share Register.

Lafarge shareholders participating in the Exchange Offer will receive upon closing of the Exchange Offer their LafargeHolcim Shares in the same form as they currently hold their Lafarge Shares (pure registered form, administered registered form or bearer form). Holders of Lafarge Shares in pure or administered registered form participating in the Exchange Offer will receive upon closing of the Exchange Offer their LafargeHolcim Shares automatically registered in the French Share Register maintained by BNP Paribas Securities Services. Holders of Lafarge Shares in bearer form participating in the Exchange Offer will receive their LafargeHolcim Shares in bearer form within Euroclear France.

The cost of maintaining and operating the French Share Register will be borne by LafargeHolcim and, therefore, LafargeHolcim Ltd shareholders can maintain their shares on the French Share Register at no additional cost to them compared to the cost they currently incur, if any, for holding their Lafarge shares in the pure registered form.

5.2 Attending and Voting at the LafargeHolcim Ltd's Shareholders' Meetings

Shareholders registered, as described in Section 5.1 above, either directly through the Swiss Share Register maintained by Nimbus AG or through the French Share Register maintained by BNP Paribas Securities Services will receive a personal invitation by mail at the latest 20 days prior to the date of the Shareholders' Meeting, in addition to the notices that are published by LafargeHolcim Ltd in Switzerland and in France. In order to be able to attend the Shareholders' Meeting in person, the registered shareholder needs a valid admission card which can be obtained from Nimbus AG or BNP Paribas Securities Services, including electronically, as described in the personal invitation. Shareholders need to be registered by the record date, in order to receive their admission card. Such record date is communicated to shareholders via the invitation to the Shareholders' Meeting. Registered shareholders who intend to be represented by an independent proxy at the Shareholders' Meeting may use the proxy form provided with the invitation to the Shareholders' Meeting for voting instructions or provide their instructions electronically. Shareholders who intend to be represented by their legal representative or another shareholder have to provide them with an authorization and their voting instructions. Shareholders registered on the record date can thereafter sell their shares without losing their right to participate in the Shareholders' Meeting. If they sell their shares before the record date, they will lose the right to participate in the meeting with respect to the shares being sold – such right being transferred to the new holder, provided it registers in time.

Holders of "dispo" shares need to register on the Swiss Share Register on or before the record date, either directly with Nimbus AG or as beneficial owners through a nominee.

It is expected that Holcim or, if after the closing of the Exchange Offer, LafargeHolcim will enter into a nominee agreement with Euroclear Bank SA/NV. The purpose of the nominee agreement is to allow shareholders holding their shares in bearer form to exercise their shareholder rights via Euroclear, in its role as a nominee. Please see Section 21.2.4.3 of Part III.

If Holcim or, if after the closing of the Exchange Offer, LafargeHolcim, fails to find an agreement with Euroclear Bank SA/NV on Euroclear's role as a nominee and, as a consequence, Euroclear Bank SA/NV does not become a nominee, shareholders holding their LafargeHolcim Shares in bearer form and who want to vote or participate in the Shareholders' Meeting in person will need to ask to their financial intermediaries to convert their shares from the bearer form into the pure or administered registered form and register themselves on the French Share Register.

5.3 Comparison of Shareholders' Rights Under French Law and Swiss Law

The following table provides a summary of the principal differences between (a) the rights of Lafarge shareholders under (i) French law and (ii) the Articles of Association of Lafarge dated May 7, 2015; and (b) the rights of LafargeHolcim Ltd shareholders under (i) Swiss law and (ii) the Articles of Association of LafargeHolcim Ltd as they were approved, subject to the closing of the Exchange Offer, at the Holcim Ltd Shareholders' Meeting of May 8, 2015.

French law	Swiss law
Board of Directors	
Composition	***Composition***
The Articles of Association of the company set the number of directors. Under French law and according to the Articles of Association of Lafarge, the Board of Directors must have a minimum of 3 members and a maximum of 18 members. Board members have four-year terms of office. Reelection is possible.	The Articles of Association of the company set the minimum number of directors. According to the Articles of Association of LafargeHolcim Ltd, the Board of Directors must have a minimum of 7 members. Pursuant to Swiss corporate law, members of the Board of Directors have one-year terms of office and must thus be reelected every year. Reelection is possible.
French law requires listed companies to seek a gender balance in the composition of its Board of Directors. As of the first Shareholders' Meeting following January 1, 2014, each gender shall account at least for 20 per cent. of the directors. As of the first Shareholders' Meeting following January 1, 2017, each gender shall account at least for 40 per cent. of the directors. The "Corporate Governance Code of Listed Corporations" published by the Afep (Association française des entreprises privées) and the Medef (Mouvement des entreprises de France) the "Afep-Medef Code", requires a tighter schedule (20 per cent. in 2013 and 40 per cent. in 2016) than the one provided by law.	Swiss law does not require any gender balance in the composition of its Board of Directors.
French corporate law provides for four types of representation of the employees on the Board of Directors.	
(i) Works Council Representatives	
Two representatives of the works council (if any) attend all meetings of the Board of Directors. They can express their views but do not vote.	
(ii) Voluntary Representation of Employees	
The shareholders can decide to provide, in the Articles of Association, for the election of up to five (or one third of the number of directors elected by the shareholders) employee-representative board members by the employees of the company and its French subsidiaries. Those employee-	

representative board members have the same rights (including to vote), duties and liabilities as the board members elected by the shareholders, except that they can only be revoked for a breach of their duties and upon decision of the President of the county court (*Tribunal de Grande Instance*) upon request of the majority of all the other board members (including other employee-representative board members).

(iii) Compulsory Representation of Employees

Companies (a) which, together with their French subsidiaries or with their French and foreign subsidiaries, employ, respectively, at least 5,000 employees or 10,000 employees, and (b) which have a works council (thus excluding holding companies without employees at all), must provide for employee-representative board members. In companies with 12 board members or less, there must be one employee-representative board member. In companies with more than 12 board members, there must be two employee-representative board members. The Articles of Association provide the manner in which those employee-representative board members are appointed: (a) election by the employees of the company and its French subsidiaries, (b) appointment by the group works council, (c) designation by the one or two unions (depending on the number of representatives) that has/have received the most votes at the last election for union delegates or works council members, or (d) appointment by the European works council, if any (but only if there are two representatives and for one representative only). If the Articles of Association remain silent, the employee-representative board members are elected by the employees. Those employee representative board members have the same rights (including to vote), duties and liabilities as the board members elected by the shareholders, except for their revocation, which is subject as the same rules as the ones described in (ii) above.

(iv) Compulsory Representation of Employee Shareholders

Listed companies whose employee own shares (a) that are either held through collective investment schemes or subject to a lock-up because they were acquired in an employee offering and (b) that represent more than 3 per cent. of the share capital, must provide for the election by the shareholders of directors chosen from the employee shareholders. The Articles of Association provide for the number of representatives, how the candidates are selected and how the shareholders' vote is conducted. Those shareholder employee-representative board members have the same rights (including to vote), duties and liabilities as the other board members elected by the shareholders, including with respect to their revocation.

Eligibility criteria

Under French law, directors are not required to be shareholders of the company, however, the Articles of Association of the company may impose such requirement. According to the Articles of Association of Lafarge, each director must hold shares of Lafarge in registered form for a minimum nominal amount of EUR4,572 (i.e. 1,143 shares).

Under French law, the Articles of Association may provide for an age limit to be applied to all or part of the board members. In the absence of such a provision, the number of directors above 70 years old must not account for more than one third of the total number of directors.

Pursuant to the Articles of Association of Lafarge directors must not be over 73 years old and the number of directors having reached 70 years of age may not exceed one third of the directors in office.

Eligibility criteria

Under Swiss law, directors are not required to be shareholders of the company; however, the Articles of Association of the company may impose such requirement. LafargeHolcim's Articles of Association do not contain such a provision.

Under Swiss law, the Articles of Association may provide for an age limit to be applied to all or part of the board members. Neither LafargeHolcim Ltd's Articles of Association nor the Organizational Rules provide for an age limit.

Independent directors

The independence of the members of the Board of Directors of Lafarge is determined in accordance with the criteria set forth in the Afep-Medef Code. The independent directors should account for half of the members of the Board of Directors in widely-held corporations without controlling shareholders. For the purpose of calculation of this requirement, directors representing employees shall not be taken into account.

According to the Afep-Medef Code, a director is independent when he or she has no relationship of any kind whatsoever with the company, its group or their management that may influence his or her judgment. Accordingly, an independent director shall be understood to be not only a non-executive

Independent directors

According to the Organizational Rules of LafargeHolcim Ltd, the independence of the members of the Board of Directors of LafargeHolcim Ltd is determined in accordance with the Swiss Code of Best Practice for Corporate Governance. The Swiss Code of Best Practice for Corporate Governance recommends that a majority of the members of the board of a company be independent, i.e. that they were never a member of the executive management, or were member thereof more than three years ago, and have no or comparatively minor business relations with the company.

director of the company or its group, (i.e. one not performing management duties in the company or the group), but also one without any particular interest (significant shareholder, employee, other) with the company or the group. The independence of each director is reviewed annually by the Board of Directors according to criteria set out in the Afep-Medef Code.

Appointment of directors

The directors are appointed by shareholders at an ordinary Shareholders' Meeting (except for directors representing employees).

Under French law, if the group employees' participation exceeds 3 per cent. of the share capital of the company, the Shareholders' Meeting has to appoint one or more directors selected among the employees who are shareholders of the company.

Board of Directors of companies that meet the criteria set out by French law must include directors representing employees. When more than 12 directors sit on the Board, the number of directors representing employees must at least corresponds to two.

Appointment of directors

The directors are elected by the shareholders at a Shareholders' Meeting.

Under Swiss law, there is no requirement to represent the different shareholders on the Board of Directors, except if there are different categories of shares.

Under Swiss law, there is no requirement to have board members who represent the company's employees.

Vacancies

In the event of a vacancy due to a death, resignation or dismissal of a director, the Board of Director may, between two Shareholders' Meetings, make provisional appointments.

Vacancies

Under Swiss law, it is not permissible for the Board of Directors to make provisional appointments to the Board of Directors. A director can only be appointed by the Shareholders' Meeting.

Dismissal or removal of directors

A director may resign at any time before the term of office. Subject to compliance with the right to resign of directors, the Articles of Association may set a period of notice.

The members of the Board of Directors may be removed prior to the expiry date of their terms by a majority vote at an ordinary Shareholders' Meeting.

Dismissal or removal of directors

A director may resign at any time before the term of office.

The members of the Board of Directors may be removed prior to expiry of their term by a majority vote at a Shareholders' Meeting.

Terms of directors

The term of office of directors is set by the Articles of Association of the company and cannot exceed 6 years. However, the Afep-Medef Code recommends a 4-year term.

According to the Articles of Association of Lafarge, directors are appointed for a 4-year term.

Terms of directors

Pursuant to Swiss corporate law on listed companies, members of the Board of Directors have one-year terms of office and must thus be reelected every year. Reelection is possible.

Cap on the number of directorships

Under French law, an individual cannot hold at the same time more than five directorships in French *sociétés anonymes*. The restriction also applies to the permanent representative (*représentant permanent*) of a legal person appointed to act on its behalf as a director of the company.

A Chief Executive Officer cannot hold more than one office in a French *société anonyme*.

With respect to listed companies, the Afep-Medef Code recommends that a Chief Executive Officer does not hold more than two directorships in other listed companies, including foreign companies but excluding companies within a same group. He or she must also seek the opinion of the Board of Directors before accepting a new directorship in a listed company.

With respect to listed companies, the Afep-Medef Code recommends also that a director does not hold more than four directorships in other listed companies, including foreign companies but excluding companies within a same group. The director should keep the Board of Directors informed of directorships held in other companies, including his or her participation on committees of the Boards of these companies, both in France and abroad.

Cap on the number of directorships

According to LafargeHolcim Ltd's Articles of Association, no member of the Board of Directors may hold more than ten additional mandates (besides his or her mandate as member of the Board of Directors), of which no more than four mandates may be in listed companies. Excepted from this rule are:

- mandates in companies which are controlled by LafargeHolcim Ltd or which control LafargeHolcim Ltd;
- mandates held by order and on behalf of LafargeHolcim Ltd or companies controlled by it (however, no member of the Board of Directors shall hold more than ten such mandates);
- and mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations and other similar organizations (however, no member of the Board of Directors shall hold more than ten such mandates).

For the avoidance of doubt, mandates in this context means mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a corresponding foreign register. Mandates related to entities directly or indirectly controlled by the same person or entity or under a common control or accepted at the request of any such person or entity are counted as one single mandate.

Powers and duties

In accordance with French law, the Board of Directors determines the strategic direction of the company's operations and supervises the implementation of such strategy. Subject to the powers expressly granted by French law to Shareholders' Meetings and within the scope of the company's corporate purpose, the Board is vested with the power to deliberate and take decisions on any matter relating to the operations and business of the company. The Board of Directors can conduct any audits and investigations as it deems appropriate.

The Board of Directors is also granted specific powers by French law, such as the calling of Shareholders' Meetings, the approval of statutory and consolidated financial statements, the approval of management reports, the authorisation of "regulated agreements and commitments"

Powers and duties

In accordance with Swiss law, the Board of Directors has certain non-transferable and inalienable duties, such as the ultimate strategic direction of the company and the issuance of the required directives; the determination of the company's organisation and the appointment and dismissal of persons entrusted with management duties.

The Board of Directors also has the duty of the overall supervision of the persons entrusted with management duties, in particular with regard to compliance with the law, the Articles of Association, operational regulations and directives, the compilation of the annual report, the preparation and calling of the general Shareholders' Meeting and the implementation of its resolutions, and the notification of the relevant court in the event that the company is overindebted.

A consent by a qualified majority of two-thirds of the members that are present or a circular resolution signed by at least two-thirds of the members of LafargeHolcim (*conventions et engagements réglementées*) (between the company and related parties), the appointment of directors in case of vacancy, the appointment of the chairman and Chief Executive Officer and the power to set the Chief Executive Officer's and the directors' compensation.

It is a collegial body representing all the shareholders collectively, and is required to act at all times in the interests of the company. The Board of Directors is responsible for the performance of its duties to the Shareholders' Meeting.

Pursuant to the Afep-Medef Code, the Board of Directors should evaluate its ability to meet the expectations of the shareholders that have entrusted authority to the Board of Directors to direct the corporation, by reviewing its membership, organisation and operation from time to time.

Ltd's Board of Directors is required to adopt the following decisions: (i) proposing a change of the place of incorporation or the corporate headquarters of LafargeHolcim Ltd to the Shareholders' Meeting; (ii) proposing a change of the corporate name to the Shareholders' Meeting or rebranding a product; and (iii) changing the provisions of the organisational regulations.

The Board of Directors is a collegial body, which is required to act at all times in the best interests of the company.

Liability of directors

Directors may incur civil liability if they breach French company laws and regulations, the company's Articles of Association or their duty of care in management, to the extent that damage is caused directly to the person bringing the action before the court.

A director of a French société anonyme individually, or all members of the Board of Directors jointly and severally, can be held liable for wrongful acts or negligence.

Actions for damages against directors may be brought:

- on behalf of the company (by its legal representatives or by shareholders with a minimum shareholding);
- in exceptional circumstances, by a shareholder who suffers personal loss or damage distinct from the company's loss; or
- by a third party, who suffers loss or damage because of the negligence of the directors.

Directors are only liable to third parties if they commit a fault severable from their duties (*faute séparable de ses fonctions*), defined by case law as an intentional and particularly serious fault, incompatible with the normal course of a director's duties.

Liability of directors

Members of the Board of Directors and all persons engaged in the management or liquidation of the company are liable both to the company, to its shareholders and, in case of bankruptcy, to creditors for any losses or damage arising from any negligent or intentional breach of their duties.

Members of the Board of Directors may be held jointly and severally liable for wrongful acts or negligence subject to the principle of differentiated joint liability.

If a breach has caused loss or damage only to the corporation, a shareholder can only bring a legal action for the indemnification of the corporation (derivative action). If the breach of fiduciary duty is causing direct loss or damage to the shareholder (as opposed to indirect damage resulting from the loss or damage suffered by the company), then a shareholder can bring a legal action against the breaching director and seek direct indemnification of its damage.

If the Board of Directors has lawfully delegated the day-to-day business to third parties, such as the management, the Board of Directors is exempt from liability provided that it can show that the management has been carefully selected, instructed and supervised.

Members of the Board of Directors can become subject to criminal liability if they do not comply with their corporate duties. Apart from fraud, misappropriation, French law also contains numerous criminal sanctions for corporate regulations infringed by directors, including in relation to the preparation and filing of the financial statements. Directors may incur personal criminal liability separate from any liability of the company.

general mismanagement or insider dealing, crimes or offences arising in connection with bankruptcy and debt collection are of particular relevance. Furthermore, members of the Board of Directors may also become criminally liable under the OaEC in case of non-compliance with such ordinance.

Board Committees

The Audit Committee

Companies whose shares are admitted to trading on a regulated market must have an audit committee.

The audit committee must be composed of directors other than those directors having executive positions in the same company.

In addition, the Afep-Medef Code recommends the audit committee to be composed of at least two thirds of independent directors

The main tasks of the audit committee are:

- to review the accounts and ensure the relevance and consistency of accounting methods used in drawing up the corporation's consolidated and corporate accounts;
- to monitor the process for the preparation of financial information;
- to monitor the effectiveness of the internal control and risk management systems.

The Audit Committee

Swiss statutory law does not provide for the requirement of an audit committee. The Swiss Code of Best Practice for Corporate Governance recommends to the Board of Directors to set up an audit committee and that such committee should consist of non–executive and independent members of the Board of Directors. The majority of the members, including the Chairman, should be experienced in financial and accounting matters. In complex situations, at least one member should be a financial expert (e.g. current or former CEO, CFO or financial auditor).

Other Committees

French law does not require other board committees to be set up.

However, the Afep-Medef code recommends that the compensation and the appointments of directors and executive directors be subject to preparatory work by a specialised committee of the Board of Directors.

Other Committees

The OaEC requires Swiss companies that are listed on the stock exchange to elect the members of the Compensation Committee. The Articles of Association of such company must provide the main principles regarding powers and duties of such Compensation Committee. The Compensation Committee supports the Board of Directors in establishing and reviewing the company's compensation strategy and guidelines.

Governance structure

Choice of the structure

The governance structure of a French *société anonyme* (i.e. a one-tier Board of Directors or a two-tier Board with a management board and a separate supervisory board) is chosen by the shareholders in Shareholders' Meeting. For companies with a one-tier Board, it is up to the Board of Directors to decide whether or not the functions of chairman and Chief Executive Officer

Choice of the structure

The governance structure of a Swiss corporation (A*ktiengesellschaft*) is defined by its Articles of Association (changes of which must be approved by shareholders at a Shareholders' Meeting) and Organizational Rules (changes of which require approval of the Board of Directors). Swiss corporations have a one-tier Board structure. Shareholders elect all board members, the chairman of the Board of Directors, and the need to be separated. For these types of companies, general management can be assumed by the chairman of the Board (in this case, the functions of chairman and Chief Executive Officer are unified). It can also be transferred to a person other than the chairman, the Chief Executive Officer (separation of functions).

Lafarge is currently governed by a one-tier Board structure with unified functions of chairman of the Board and Chief Executive Officer.

members of the Nomination & Compensation Committee. Whether the chairman is also the acting Chief Executive Officer, or whether these functions are separated, is determined by the Board of Directors. LafargeHolcim Ltd has separated the chairman and Chief Executive Officer function. The Chief Executive Officer heads LafargeHolcim Ltd's Executive Committee.

Duties and powers of the chairman

In accordance with the provisions of French law and the Articles of Association of Lafarge, the chairman calls the meetings of the Board of Directors, chairs its meetings, prepares and coordinates its work and that of its committees.

He ensures the proper operations of the corporate bodies and, in particular, that the directors are in position to fulfil their duties.

Duties and powers of the chairman

In accordance with the provisions of Swiss law and the Articles of Association of LafargeHolcim Ltd, the chairman supervises the executive bodies and persons of the company and represents the Board of Directors vis-à-vis the Chief Executive Officer, calls meetings of the Board of Directors (however, every other member of the Board of Directors may, via the chairman, request a meeting), prepares and presides over the Board meetings and the Shareholders' Meetings. The chairman is responsible for the proper implementation of the resolutions of the Board of Directors and of the committees.

Duties and powers of the Chief Executive Officer

The Chief Executive Officer represents the company in its relations with third parties. He has broad powers to act on behalf of the company in all circumstances.

He exercises these powers within the limits of the company's corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and to the Board of Directors.

He represents the company in its dealings with third parties. The company is bound by the Chief Executive Officer's acts which are outside the company's corporate purpose unless the company can prove that the third party knew that such act fell outside the scope of the company's corporate purpose or could not have ignored it given the circumstances, it being clarified that publication of the Articles of Association in itself does not constitute sufficient proof.

Provisions of the Articles of Association and decisions of the Board of Directors limiting the powers of the Chief Executive Officer are unenforceable against third parties.

Duties and powers of the Chief Executive Officer

LafargeHolcim Ltd's Chief Executive Officer may only bindingly represent the company together with another person who has joint signature power, as evidenced in the commercial register.

In accordance with LafargeHolcim Ltd's Organizational Rules, the Chief Executive Officer is responsible for the development of the business concept and the strategy of the company and the group, for the executive management and the financial results of the group and for the implementation of the strategic orientation determined by the Board of Directors.

The Chief Executive Officer heads the Executive Committee. In particular, he supervises and coordinates the activities of the Executive Committee with reference to the business of the company and the group. The Chief Executive Officer is the point person for the Board of Directors in its contact with the Senior Management of the group. The Chief Executive Officer is responsible for the organization and the staffing of the Executive Committee, subject to the approval by the Board of Directors.

Management of the conflict of interest

Under French law, it is prohibited for corporate officers (*mandataires sociaux*) to obtain loans from the company in any form, or overdraft facilities, on a current account or otherwise, or to obtain any pledge of security or guarantee from the company for any obligations they may contract to third parties.

Agreements entered into between a French société anonyme and its corporate officers (*mandataires sociaux*) or, under certain circumstances, its shareholders, are subject to control two levels of review: prior approval of the Board of Directors, followed by a vote by the Shareholders' Meeting following the reading of a special report of the statutory auditors on such agreements.

Under French law, related party agreements which have an ongoing effect should be reviewed by the Board of Directors on an annual basis.

In addition, with respect to listed companies, commitments made in favour of their chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officer, by the company itself or by any company that it controls or that controls it, and relating to elements of remuneration, compensation or benefits payable or likely to be payable as a result of or after a cessation or change in these functions, are subject to the same dual review.

With respect to listed companies, the Afep-Medef Code recommends that directors report to the Board of Directors any conflict of interest, whether actual or potential, and abstain from taking part in voting on the related resolution. The Organizational Rules of Lafarge and Lafarge director's charter set out a procedure regarding conflict of interest.

Swiss law does not provide for a general provision regarding conflicts of interest. However, it requires the Board of Directors and the officers to safeguard the company's interests and imposes a duty of care and loyalty on the members of the Board of Directors and the officers. This rule is generally understood as disqualifying members of the Board of Directors and officers from participating in decisions that directly affect them. According to the Organizational Rules of LafargeHolcim Ltd, each member of a corporate body of the company is obliged to inform the relevant corporate body of actual or potential conflicting interests. In case of a direct conflict of interests, i.e. in case a member's vote would operate to the detriment of the company to the extent it would advantage his own interests or any interest otherwise represented by him, the member shall abstain on his own initiative from discussing the respective matter. Such abstention may be waived by the Board of Directors or the Executive Committee. If a member does not abstain on his own initiative, the chairman for the Board of Directors and the Chief Executive Officer for the Executive Committee, respectively, have the right to exclude the relevant member from the deliberations and participating in the decision on the relevant matter.

Code of corporate governance

French listed companies are required to publish a statement of corporate governance specifying which code they are voluntarily referring to and indicating, where appropriate, the provisions of this code of corporate governance that have not been applied and the reasons for which they have not been implemented.

Lafarge refers to the above mentioned Afep-Medef

Swiss companies listed on the SIX Swiss Exchange are required to comply with the Corporate Governance Directive of the SIX Swiss Exchange. This Directive specifies the information that must be disclosed by an issuer whose shares are listed on the SIX Swiss Exchange with regard to the Board of Directors and Senior Management. The Directive follows a "comply or explain" approach.

Code, which follows a "comply or explain" approach.

In accordance with this code and French law, companies that refer to this code must state in their registration document how the recommendations of the code have been implemented and explain, if need be, the reasons why they have not been fully complied with.

LafargeHolcim Ltd also refers to the recommendations stated in the Swiss Code of Best Practice for Corporate Governance.

Shareholders' Meetings

Competence of extraordinary Shareholders' Meetings

Extraordinary Shareholders' Meetings have, in particular, exclusive authority to:

- modify the Articles of Association of the company and therefore to decide (in particular) on any changes to the share capital, whether such changes are immediate (issuance of new shares) or delayed (issuance of any financial instrument giving access to new shares, such as, e.g., convertible bonds or warrants to subscribe to new shares);
- decide on most major corporate reorganisations such as mergers, demergers or share capital increases in exchange for contributions in kind;
- change the corporate purpose, the registered office, the fiscal year, the governance structure and the legal name of the company or to limit the voting rights a shareholder may exercise at Shareholders' Meetings.

Extraordinary and ordinary Shareholders' Meetings

Swiss law does not distinguish between "ordinary" and "extraordinary" Shareholders' Meetings with regard to the decisions that can be taken by such meetings. Extraordinary Shareholders' Meetings have the same authority as Ordinary Shareholders' Meetings. However, the company is required to hold one annual "ordinary" Shareholders' Meeting per year.

Competence of ordinary Shareholders' Meetings

All the issues which are not attributed by the French law to the extraordinary Shareholders' Meeting are subject to the competence of the ordinary Shareholders' Meeting, in particular:

- the appointment of directors;
- the approval of the annual accounts; and
- the approval of the related party agreements.

Competence of Shareholders' Meetings

The Shareholders' Meeting is the supreme governing body of the company. It has the inalienable authority (i) to adopt and amend the Articles of Association and resolution on merger and dissolution of LafargeHolcim Ltd; (ii) to elect and dismiss the members of the Board of Directors, the chairman of the Board of Directors, the members of the compensation committee and the auditors; (iii) to approve the management report and the annual financial statements (statutory and consolidated, if required) and to resolve on the allocation of profits and to declare dividends; (iv) to discharge the members of the Board of Directors, of the Chief Executive Officer and of other key executives; (v) to bindingly approve the aggregate amount of compensation of the Board of Directors, of the Chief Executive Officer and of other key executives, respectively; and (vi) to pass resolutions concerning all matters which are reserved to the Shareholders' Meeting by statutory law, the Articles of Association or any Organizational Rules of LafargeHolcim Ltd.

Convening

Shareholders' Meetings can be called by the Board of Directors or, failing which, by the auditors and any other person legally authorised for such purpose.

Under French law, a Shareholders' Meeting may also be convened by the new controlling shareholder after completion of a public offer. In practice, the new controlling shareholder shall first require the Board of Directors to convene such meeting by registered letter with acknowledgement of receipt. In case the Board of Directors fails to do so, the new controlling shareholder may convene a meeting himself.

A Shareholders' Meeting may also be convened by a person appointed by a court at the request of one or more shareholders holding 5 per cent. of the share capital of the company.

The ordinary Shareholders' Meeting shall take place every year within six months of the end of the financial year to approve the annual accounts of the preceding financial year, and Extraordinary Shareholders' Meetings and other Ordinary Shareholders' Meetings are convened as and when required.

One or more shareholders representing at least the fraction of the capital provided by the applicable French legal and regulatory provisions may, at least 25 days before the Shareholders' Meeting and no later than 20 days following the publication of the notice of meeting, request the inclusion in the agenda of points or draft resolutions, under the conditions provided by French law. In addition, request by the works council for the inclusion in the agenda of draft resolution shall be sent to the company within ten days of publication of the notice of meeting.

Convening

The Shareholders' Meeting is convened by the Board of Directors or, where necessary, the external auditors. The ordinary Shareholders' Meeting takes place every year within six months of the end of the financial year, and Extraordinary Shareholders' Meetings are convened as and when required. An (extraordinary) Shareholders' Meeting may also be convened by a resolution of the "ordinary" annual meeting or by one or more shareholders together representing at least 10 per cent. of the share capital. Meetings are convened by written request, which must include the details of the agenda items and the relevant proposal.

Shareholders whose combined holdings represent an aggregate nominal value of at least one million Swiss Francs may request items to be included in the agenda. A respective written request listing the items shall be lodged with the Board of Directors at least 40 days prior to a Shareholders' Meeting.

Notice of meeting

The form of notice calling a Shareholders' Meeting and the time limits for sending out this notice are regulated by French law.

Notice of meeting

Notice convening the Shareholders' Meeting must be published no later than 20 days prior to the meeting in the Swiss Official Gazette of Commerce, and in any other

It is required at least 35 days before the meeting to publish in the BALO (French legal gazette) and on company's website (at least 21 days before the meeting) a notice (*avis de réunion*) containing, in particular, the following indications:

- name, corporate form, share capital, address of the company, number under which the company is registered;
- agenda of the Shareholders' Meeting;
- the meeting date, the meeting time and the meeting place;
- the category of Shareholders' Meeting (ordinary, extraordinary or special);
- draft resolutions (that will be presented during the meeting);
- the company's website;
- locations and modalities to vote including those to obtain a distance voting form; and
- notice to the shareholders detailing the procedure and timeline to propose their resolutions, to ask written questions.

It is also required, at least 15 days before the meeting, to convene the shareholders, auditors and workers council members to the Shareholders' Meeting by way of publication of an invitation notice (*avis de convocation*) in a legal newspaper, in the BALO and on the company's website. Such document shall contain, in particular, the following indications:

- name, corporate form, share capital, address of the company, number under which the company is registered;
- agenda of the Shareholders' Meeting (including, if applicable, a draft resolution or points received from shareholders);
- the meeting date, the meeting time and the meeting place;
- the category of Shareholders' Meeting (ordinary, extraordinary or special);
- locations and modalities to obtain a distance voting form.

In addition, shareholders holding registered shares and statutory auditors shall be convened to the Shareholders' Meeting by letter, or under certain newspapers designated by the Board of Directors according to LafargeHolcim Ltd's Articles of Association. Holders of registered shares who are registered in the share register may in addition be notified of the Shareholders' Meeting by mail.

At least 20 days prior to the Ordinary Shareholders' Meeting, the business report, the compensation report and the auditor's report must be made available for inspection by the shareholders at the registered office of the company. Holders of registered shares who are registered in the share register must be notified thereof by written notice. Any shareholder may request that a copy of the business report, the compensation report and the auditor's reports be immediately sent to him.

The notice convening the meeting must include the agenda items and the proposals of the Board of Directors, the place and time of the meeting and, as the case may be, the name of the shareholders who have requested that a Shareholders' Meeting be called or an item be put on the agenda.

No resolutions may be made on proposals relating to agenda items that were not duly notified; except for motions to convene an extraordinary Shareholders' Meeting and to carry out a special audit. No advance notice is required to make proposals with respect to duly notified agenda items and to debate items without passing resolutions.

circumstances, by electronic means.

The documents made available before the Shareholders' Meeting are described below under the section "rights of information".

The agenda of the Shareholders' Meeting is decided by the Board of Directors which convenes such meeting. The Board of Directors shall include all draft resolutions and points in the agenda which have been duly filed by shareholders and/or the works council according to French law. Once the notice of convening is published, the agenda of the Shareholders' Meeting cannot be modified. However, the Shareholders' Meeting is entitled to remove one or several directors and to appoint one or several directors, even if it was not included in the agenda.

See Sections 5.1 and 5.2 of Part I for a description of how LafargeHolcim Shares bought on Euronext Paris can be held in "registered" form as understood under French law and their holder be "registered" as understood under Swiss law.

Place of meeting

Under French law, the meeting must take place at the registered office of the company. In accordance with French law, the Articles of Association of Lafarge authorise the company to hold a meeting at any other place.

The notice must specify the place of the meeting.

Place of meeting

Swiss law does not regulate the location of a Shareholders' Meeting. In case the Articles of Association do not contain any provision in this respect and there is no former Shareholders' Meeting resolution on the location of the (current) Shareholders' Meeting, the Board of Directors (as the body calling the Shareholders' Meeting) has the competence to define the location of the Shareholders' Meeting.

Attendance

General Shareholders' Meetings may be attended by all shareholders regardless of the number of shares they hold, provided that all calls of capital contributions due or past due with respect to such shares have been paid in full.

Under French law, only shareholders who can prove their status by the registration of their shares in their name or in the name of the intermediary registered on their behalf, on the second business day preceding the meeting at midnight (Paris time) either in the registered share accounts kept by the company (or its agent), or in the bearer share accounts kept by the authorized intermediary, will be permitted to take part in the Shareholders' Meeting.

Such shareholders can take part in the Shareholders' Meeting either (i) by personally

Attendance

Shareholders' Meetings may be attended by all shareholders registered in the share register. Only shareholders registered in the share register as at such date are entitled to vote at the meeting. The record date is set by LafargeHolcim Ltd's Board of Directors and communicated to the Shareholders no later than 40 calendar days prior to the date of the Shareholders' Meeting. In previous years, the Board of Directors has set the record date to 5-8 days prior to the date of the Shareholders' Meeting.

Any shareholder may have himself represented at the Shareholders' Meeting by the independent voting rights representative or, with a written power of attorney, by another shareholder with the right to vote. LafargeHolcim Ltd only accepts one representative per share. A shareholder holding more than one share may be represented by only one representative.

attending, (ii) by attending the Shareholders' Meeting via electronic means, when approved by the Board of Directors, (iii) by voting by post or, when approved by the Board of Directors, via Internet, or (iv) by giving a proxy to any legal entity or individual of the shareholder's choice (even if the proxy is not a shareholder).

Shareholders not domiciled in France may be represented by an intermediary registered in accordance with applicable laws.

Lafarge shareholders may, pursuant to applicable law and regulations, submit their proxy or mail voting forms in respect of any Shareholders' Meeting, either in paper form or by a method of electronic communications, provided that such method is approved by the Board of Directors and published in the notices of meeting, no later than 3:00 p.m. (Paris time) the day before the date of the Shareholders' Meeting. Any shareholder fulfilling the required conditions set out above may attend the Shareholders' Meeting and take part in the vote, and any previously submitted correspondence vote or previously granted proxy is deemed invalid.

The independent voting rights representative shall be elected by the Shareholders' Meeting. Its term of office shall expire after completion of the next Ordinary Shareholders' Meeting. Re-election is possible. If LafargeHolcim Ltd does not have an independent voting rights representative, the Board of Directors shall appoint the independent voting rights representative for the next Shareholders' Meeting.

See Sections 5.1 and 5.2 of Part I for a description of how LafargeHolcim Shares bought on Euronext Paris can be held in "registered" form as understood under French law and their holder be "registered" as understood under Swiss law.

Voting and quorums

Voting rights attached to the shares are proportional to the share capital they represent. Each share grants the right to at least one vote. Voting rights attached to shares may be exercised by the holder of the usufruct at Ordinary Shareholders' Meetings and by the bare owner at Extraordinary Shareholders' Meetings. The Articles of Association of the company may nevertheless provide for other rules.

In Ordinary and Extraordinary Shareholders' Meetings, the calculation of the quorum is based on the total number of shares with voting rights.

- *Ordinary Shareholders' Meetings*: the quorum for Ordinary Shareholders' Meetings called pursuant to the first notice of the meeting is only met if the shareholders present, deemed present or represented, hold 20 per cent. of the shares with voting rights. No quorum is

Voting and quorums

In accordance with the Articles of Association of LafargeHolcim Ltd, each share which is registered in the share register with the right to vote grants the right to one vote.

In Ordinary and Extraordinary Shareholders' Meetings, according to the Articles of Association, the Shareholders' Meeting constitutes a quorum regardless of the number of shares represented and the number of shareholders present. To determine the number of shares represented, invalid and empty votes are not counted. Resolutions are passed by an absolute majority of the votes represented, except for the following which require, among other things, at least two-thirds of the voting rights represented and an absolute majority of the nominal value of the shares represented:

- amendment to the company's corporate purpose clause in the Articles of Association;
- the introduction of shares with preferential voting

required for a meeting called pursuant to a second notice

The Ordinary Shareholders' Meeting rules by majority of the votes cast by the members present or represented.

- *Extraordinary Shareholders' Meetings*: a quorum for Extraordinary Shareholders' Meetings is met only if the shareholders present, deemed present or represented at a meeting called pursuant to the first notice, hold 25 per cent. of the shares with voting rights, or hold 20 per cent. of the shares with voting rights at a meeting called on second notice. If the quorum is not met pursuant to the second notice, the meeting is to be postponed to a date no later than 2 months after the date for which it had been called.

  The Extraordinary Shareholders' Meeting rules by a majority of two thirds of the votes cast by the members present or represented.

rights;

- any restriction on the transferability of registered shares;
- the adoption or renewal of an "authorized share capital", which refers to the authority granted by shareholders to the Board of Directors to issue new shares at any time during a two-year period, without further shareholder approval, by a maximum amount stipulated in the Articles of Association. The maximum amount may not exceed 50 per cent. of the stated capital.
- the adoption or renewal of a conditional share capital, which refers to the authorization by shareholders to allot a specific number of shares to two categories: (a) shares issued through the exercise of rights granted to third parties or shareholders in connection with convertible instruments; and (b) shares issued through the exercise of options or other similar rights granted to directors, members of Senior Management or employees in connection with equity-based compensation plans. Conditional share capital may not exceed 50 per cent. of the stated capital.
- a capital increase out of equity capital, against contributions in kind or for purposes of acquisitions in kind and the granting of special privileges;
- any limitation or exclusion of preferential subscription rights;
- a relocation of the corporate seat of the company;
- the dissolution of the company;
- amendment of restrictions in the Articles of Association granting a right to vote only to shareholders registered in the share register with the right to vote;
- the removal of the shareholder's obligation to launch a mandatory tender offer when crossing a certain percentage threshold in ownings of the company's stock (so-called opting out); and
- the removal or amendment of the provisions in the Articles of Association requiring a supermajority in case of the preceding two points.

In accordance with the Federal Act on Merger, Demerger, Transformation and Transfer of Assets ("**the Swiss Merger Act**"), a two-third majority is also required in the Shareholders' Meetings of both companies involved in a merger to resolve on the merger agreement. The merger agreement may provide for a choice for the shareholders of the absorbed company between equity in the absorbing company or a compensation payment as consideration for their shares. Also, the merger agreement may provide for a compensation payment only for the shareholders of the absorbed company as consideration. In this case, a 90 per cent. majority of all votes in the shareholder's meeting of the absorbed company is required.

Amendment of Articles of Association

The Articles of Association may be amended by the extraordinary Shareholders' Meeting.

Shareholders' rights can only be modified if a resolution to amend the Articles of Association is passed at an Extraordinary Shareholders' Meeting of the shareholders by a two-third majority.

Unanimity is, however, required to increase shareholders' obligations. In addition to a vote at the shareholders' Extraordinary Shareholders' Meeting, elimination of double voting rights requires ratification by a two-third majority at a special meeting of the shareholders benefiting from such rights.

Amendment of Articles of Association

The Articles of Association may be amended by the Shareholders' Meeting with absolute majority of the voting rights represented (except as described above).

Provisions of the Articles of Association which stipulate that larger majorities than those prescribed by law are required in order to make certain resolutions may themselves be introduced only with the planned majority.

Issuing of shares and preferential subscription rights

Under French law, if a company issues shares or other securities that carry a right, directly or indirectly, to purchase equity securities issued by the company for cash, current shareholders have a preferential right to subscribe to those securities on a *pro rata* basis.

Those rights entitle the individual or entity that holds them to subscribe for an issue of any securities that may increase the company's share capital, each existing share gives right to a preferential subscription right. Preferential subscription rights are transferable during the subscription period relating to a particular offering.

The Shareholders' Meeting which decides or authorises a capital increase, either by determining all the procedures itself, or by delegating its power or competence to the Board of Directors, may cancel the right to preferential shares for the entirety of the capital increase or for one or several tranches of the increase.

Issuing of shares and pre-emptive rights

Pursuant to article 6 of LafargeHolcim Ltd's articles of association, each shareholder is entitled to the fraction of newly issued shares corresponding to the proportion of his existing holdings, in the event of an increase of the LafargeHolcim Ltd's share capital by way of issuance of new shares. The Board of Directors, however, has the ability to withdraw or limit pre-emptive rights in certain limited circumstances.

With the affirmative vote of shareholders holding two-thirds of the voting rights represented and an absolute majority of the nominal value of shares represented, shareholders are able to withdraw or limit preferential rights for valid reasons, including a merger, an acquisition or any of the reasons authorizing the Board of Directors to withdraw or limit preferential rights of shareholders in the context of an authorized or conditional capital increase.

Buy-back and withdrawal of shares

Buy-back and withdrawal of shares

Under French law, the ordinary Shareholders' Meeting must authorise the Board to buy back shares representing up to 10 per cent. of its share capital. Such authorisation is given for a period of up to 18 months and should detail the maximum amount and modalities of the programme. The share buyback programme may be implemented by the company in order to:

- enhance liquidity;
- withdraw the shares within a limit of 10 per cent. of the share capital of the company over a period of 24 months;
- attribute the shares to their employees or corporate officers;
- hold treasury shares for offering them in the context of a merger, demerger or contribution which must not represent more than 5 per cent. of the share capital.

Under French law treasury shares are temporarily deprived of dividend rights and voting rights.

Under Swiss law, a company may repurchase its shares to be held in treasury, so long as the total nominal value of the shares acquired and held in treasury does not exceed 10 per cent. of the company's registered share capital and the company has freely disposable equity in an amount equal to the repurchase price at such time. While the company holds shares as treasury shares, it cannot exercise any voting rights in respect of those shares.

Where registered shares are acquired in connection with a restriction on transferability, the foregoing upper limit is 20 per cent. The company's own shares that exceed the threshold of 10 per cent. of the share capital must be sold or cancelled by means of a capital reduction within two years.

Say on Pay

According to the Afep-Medef Code, the Board of Directors must present the compensation of executive directors (*dirigeants mandataires sociaux*) at the annual Shareholders' Meeting. This presentation must cover the elements of the compensation due or awarded at the end of the closed financial year to each executive director:

- the fixed part;
- the annual variable part and where necessary the multi-annual variable part with the objectives that contribute to the determination of this variable part;
- extraordinary compensation;
- stock options, performance shares, and any other element of long-term compensation;
- benefits linked to taking up or terminating office;
- supplementary pension scheme;
- any other benefits.

This presentation should be followed by an advisory vote by shareholders. It is recommended that at the shareholders' vote, one resolution is presented for the chairman and Chief Executive

Say on Pay

OaEC requires listed companies to specify in their Articles of Association a mechanism to permit a say on pay vote, setting out three requirements: (i) the vote on compensation must be held annually, (ii) the vote on compensation must be binding rather than advisory and (iii) the vote on compensation must be held separately for the Board of Directors and members of the Executive Committee. In addition, shareholders will need to determine the details of the say on pay vote in the Articles of Association, in particular the nature of the vote, timing aspects and the consequences of a "no" vote. Each company subject to the OaEC must undertake a first binding vote on management compensation and remuneration of the Board of Directors at its 2015 Annual Shareholders' Meeting. The Articles of Association of LafargeHolcim Ltd comply with the OaEC.

Officer of Lafarge and one resolution for the deputy Chief Executive Officers. When the ordinary Shareholders' Meeting issues a negative opinion, the Board, acting on the advice of the compensation committee, must discuss this matter at another meeting and immediately publish on the company's website a notice detailing how it intends to deal with the opinion expressed by the shareholders at the Shareholders' Meeting.

Shareholders' rights and obligations

Rights of information

Under French law, shareholders have a right to access the financial statements of at least the three previous financial years together with the minutes and attendance sheets of Shareholders' Meetings held during the last three financial years.

Before each annual Shareholders' Meeting, every shareholder has the right to receive documents including: the annual financial statements, and, if applicable, the consolidated financial statements; the list of the directors; the reports from the Board of Directors; if applicable, the text of the explanatory notes for the proposed resolutions, as well as information concerning the candidates for positions on the Board of Directors, and a list of the regulated agreements (*conventions réglementées*).

Shareholders have the right to consult certain documents at the head office of the company prior to every Shareholders' Meeting.

Key documents for a Shareholders' Meeting are made available on the company's website at least 21 days before the Shareholders' Meeting. Statutory auditors and the works council also have the right to communicate documents before the Shareholders' Meeting.

Shareholders may ask the Board of Directors questions prior to or during the Shareholders' Meetings, the answers being given on the company's website or during the course of said meetings.

In addition, the holding of 5 per cent. of the share capital gives the right to ask written questions to the chairman relating to an act of management. If the chairman's answer has not been provided within one month or if such answer is not

Rights of information

Under Swiss law, shareholders have a right to access the financial statements of at least the three previous financial years together with the minutes of Shareholders' Meetings held during the last three financial years.

At least 20 days prior to the Ordinary Shareholders' Meeting, the business report and the auditor's report must be made available for inspection by the shareholders at the registered office of the company. Holders of registered shares registered in the share register must be notified by mail. Also, the invitation to the Shareholders' Meeting, the agenda items and proposals and the place and time of the Shareholders' Meeting must be published at least 20 days prior to the meeting in the Swiss Official Gazette of Commerce, and in any other newspaper(s) designated by the Board of Directors. Holders of registered shares who are registered in the share register may in addition be notified of the Shareholders' Meeting by mail.

In accordance with LafargeHolcim Ltd's Articles of Association, shareholders whose combined holdings represent an aggregate nominal value of at least one million Swiss Francs may request that items be included on the agenda.

satisfactory, the shareholder may ask a court to appoint a management expert in charge of issuing a report on such matter.

Rules regarding proxy advisers	***Rules regarding proxy advisers***
The primary activity of proxy advisers is to analyse the resolutions presented at the Shareholders' Meetings of listed companies in order to submit positive or negative voting recommendations on these resolutions to their customers, namely institutional investors. Proxy advisers are allowed in France and the AMF enhances their positive role for assessing companies' governance, provided that their voting recommendations remain transparent.	The primary activity of proxy advisers is to analyse the resolutions presented at the Shareholders' Meetings of listed companies in order to submit positive or negative voting recommendations on these resolutions to their customers, namely institutional investors. Proxy advisers are not subject to special regulations.
Rules regarding proxy solicitors	***Rules regarding proxy solicitors***
Proxy solicitors are firms specialised in gathering proxy votes. Under French law, any person performing an activity of proxy solicitation, directly or indirectly, towards one or several shareholders, in order to represent them at the Shareholders' Meeting, must disclose to the public its voting policy. The proxy shall also disclose any conflict of interest.	There are no special Swiss rules regarding the activity of proxy solicitors.
Rights to dividends	***Rights to dividends***
In accordance with French law, Lafarge must establish a general reserve equal to one tenth of the share capital. As long as this reserve has not been established, 5 per cent. of the annual profits must be allocated to this reserve. According to Lafarge's Articles of Association, of the remaining net profit, a dividend of 5 per cent. of the share capital shall be paid out, whereas the remaining profit is allocated by decision of the Shareholders' Meeting. The Articles of Association may provide that the Shareholders' Meeting may offer shareholders a choice between payment in cash and payment in new company shares pursuant to applicable law with respect to all or part of any dividend to be distributed. Shareholders may be offered the same choice with regard to the payment of interim dividends. Unclaimed dividends within five years from the decision to distribute dividends are forfeited and must be paid to the French State, in accordance with French law.	Pursuant to articles 29 and 30 of the articles of incorporation of LafargeHolcim Ltd, five per cent. of the annual profit is allocated to the general reserve until it has reached twenty per cent. of the paid-in share capital. Of the remaining net profit, a dividend of 5 per cent. of the share capital is paid out. The remaining balance sheet profit remains at the disposal of the general meeting, subject to the legal provisions regarding reserves. Any dividends that have not been collected within 5 years of their allocation are forfeited to LafargeHolcim Ltd.

Form of shares

French law distinguishes between registered shares (a) and bearer shares (b) depending on where the holder's securities account is opened.

(a) There are two types of registered shares:

- pure registered shares; and
- administered registered shares.
  - (i) For pure registered shares, the securities account is opened in the books of the issuer, in practice in the books of a financial institution acting as agent of the issuer.
  - (ii) For administered registered shares, the securities account is still opened in the books of the issuer (i.e. its agent), but a mirror "administrative" account is opened by the holder of the shares in the books of the financial intermediary of its choice.

The administered registered form allow the acquirer of the shares to continue to hold its shares through its usual financial intermediary, which does the interface with the issuer's agent. In the pure registered form, the holder has no choice but to hold its shares in a securities account opened in the books of the issuer's agent. In both cases, the issuer knows the identity of the holder and the number of shares held in the administered or "pure registered" form.

(b) With respect to "bearer" shares, the securities account is opened by the holder of the shares in the books of the financial intermediary of its choice and the issuer has no immediate knowledge, of the holders' identity.

The Articles of Association of a listed company can either provide that the shares can be held in the registered form (pure or administered), at the option of the holder, or that they can be held in all three forms (bearer, pure registered or administered registered), again at the option of the holder.

The only requirement is that:

- if the Articles of Association provide for the

Swiss law distinguishes between registered shares and bearer shares. LafargeHolcim Ltd has only registered shares. In accordance with statutory law, LafargeHolcim Ltd maintains a share register in which the shareholders and beneficial owners are registered with regard to their names and addresses. Only persons registered as shareholders or beneficial owners of registered shares with voting rights in the share register are recognized as such by LafargeHolcim Ltd. According to the Articles of Association, acquirers of registered shares shall be registered upon request in the share register as shareholders with the right to vote if they expressly declare to have acquired the registered shares in their own name and for their own account. If persons fail to expressly declare in their registration applications that they hold the shares for their own account (the "Nominee"), the Board of Directors shall enter such persons in the share register with the right to vote, provided that the Nominee has entered into an agreement with the LafargeHolcim Ltd concerning his status, and further provided that the Nominee is subject to a recognized bank or financial market supervision.

After hearing the registered shareholder or Nominee, the Board of Directors may cancel any registration in the share register, with retroactive effect as of the date of registration, which was made based on incorrect information. The relevant shareholder or Nominee must be immediately informed of the cancellation.

The Board of Directors regulates the details and issues the instructions necessary for compliance with the preceding provisions. In special cases, it may grant exemptions from the rule concerning Nominees. The Board of Directors may delegate its duties.

registered form only, the shares held in the pure registered form must be converted onto the administered registered form before being sold; or

- if the Articles of Association provide for the three options, the shares held in the registered form (pure or administered) must be converted onto the bearer form before being sold.

See Sections 5.1 and 5.2 of Part I for a description of how LafargeHolcim Shares bought on Euronext Paris can be held in "registered" form as understood under French law and their holder be "registered" as understood under Swiss law.

Identifiable bearer securities

According to French law, the Articles of Association of Lafarge S.A. provide that it may at any time request the central securities depository (*dépositaire central*) to identify the holders of securities conferring immediate or future entitlement to voting rights at Shareholders' Meetings and to state the number of securities held by each holder and any restrictions on such securities. These securities are identifiable bearer securities ("*titres au porteur identifiable*").

There are no equivalent rules under Swiss law.

Double voting rights

Pursuant to French law and according to the Articles of Association of Lafarge a double voting rights is granted for fully paid up shares registered for at least 2 years in the name of the same shareholder.

In accordance with French law, entitlement to double voting rights is lost upon conversion of the registered shares into bearer form or upon transfer of the registered shares (this does not apply to transfers resulting from inheritance or gifts).

In Switzerland, shares with different (*i.e.* double or multiples) voting rights at same nominal value are not permissible.

Loyalty shares

Pursuant to French law, the Articles of Association of a company may reward loyal shareholders. With respect to the Articles of Association of Lafarge:

- Any shareholder who, at the end of the financial year, has held registered shares for at least two years and still holds them at the date of payment of the dividend in respect of the year, will receive in respect of such shares a bonus equal to 10 per cent. of the dividend (first and super dividend) paid to other

Loyalty shares do not exist under Swiss law.

shareholders, including any dividend which is paid in shares.

- Similarly, any shareholder who, at the end of the financial year, has held registered shares for at least two years and still holds them at the date of an issue by way of capitalization of reserves, retained earnings or issue premiums of bonus shares, will receive additional shares equal to 10 per cent. of the number distributed.

Entitlement to the increased dividend is lost upon conversion of the registered shares into bearer form or upon transfer of the registered shares.

Threshold crossing declarations

Any person, whether acting alone or in concert, who crosses the thresholds of 5 per cent., 10 per cent., 15 per cent. per cent., 20 per cent., 25 per cent., 30 per cent., 33⅓ per cent., 50 per cent., 66⅔ per cent., 90 per cent. or 95 per cent. of the share capital or the voting rights (either upwards or downwards) of the company must disclose this fact to the company and to the AMF no later than the fourth trading day following the day of such crossing. Under certain circumstances, securities held by third parties will be aggregated with those held directly by such person to determine if a threshold has been crossed.

In addition to the legal requirements, the Articles of Association of Lafarge S.A. also provide for disclosure to Lafarge S.A. when crossing (either upwards or downwards, directly or indirectly, alone or in concert) the threshold of 2 per cent. of the share capital as well as for each threshold of 1 per cent. above this 2 per cent. threshold. The disclosure procedure to the company is the same as the legal procedure.

In addition, any person who crosses (directly, indirectly, alone or in concert) the thresholds of 10 per cent., 15 per cent., 20 per cent. and 25 per cent. of the share capital or the voting rights of the company, must, no later than the fifth trading day following the day of such crossing, declare to the company and to the AMF its intentions over the next 6 months with regard to its shareholding in the company.

Any person, whether acting directly or indirectly, alone or in concert with others, crossing (upwards or downwards) or reaching the thresholds of 3 per cent., 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 33⅓ per cent., 50 per cent. or 66⅔ per cent. of voting rights of the company, whether or not such rights may be exercised (i.e. including treasury shares), must notify the company and the stock exchanges on which the equity securities in question are listed. The conversion of participation or bonus certificates into shares and the exercise of conversion rights or share acquisition rights is considered equivalent to an acquisition of shares and therefore also taken into account when determining the cross or reach of the abovementioned thresholds.

The notification (to the stock exchange as well as the issuing company) has to be made no later than four trading days after the day such transaction has been entered into. The company has to publish the notification no later than two trading days after receiving it; the disclosure office of the SIX Swiss Stock Exchange discloses the notification on its respective platform.

Mandatory public offer

The obligation to file a public offer is imposed on:

- any person, acting directly or indirectly alone or in concert, who crosses the threshold of 30 per cent. of the share capital or the voting rights of a French listed company; or
- any person, acting directly or indirectly alone or in concert, who already holds, directly or indirectly, between 30 per cent. and 50 per cent. of the share capital or the voting rights of a French listed company, who increases such holding by 1 per cent. or more of the share capital or the voting rights within less than 12 consecutive months.

Exception to such requirement can be granted by the AMF in certain circumstances.

The obligation to file a mandatory tender offer is imposed on any person, acting directly or indirectly, alone or in concert, who reaches or crosses the threshold of 33⅓ per cent. of the voting rights, whether or not such rights may be exercisable or not, of a Swiss listed company; the company may raise this threshold in its Articles of Association to 49 per cent. of the voting rights or opt out of such threshold altogether. Also, in justified cases, the Takeover Board may grant exemptions from the obligation to make an offer.

Squeeze-out proceedings

Squeeze-out (*retrait obligatoire*) of minority shareholders may be carried out following a public offer, provided that:

- the offeror holds following the offer at least 95 per cent. of the share capital and voting rights of the company, and
- the squeeze-out is implemented within the 3-month period following the closing of the offer.

Squeeze-out of minority shareholders may be carried out following a public offer, provided that the offeror, upon expiry of the offer period, holds more than 98 per cent. of the voting rights of the company and files a petition within three months to the court to cancel the outstanding equity securities.

Alternatively, a squeeze out of minority shareholders can be accomplished via the Swiss Merger Act. The merger agreement may provide for a choice for the shareholders of the absorbed company between equity in the absorbing company or a compensation payment; a two-third majority is required in the Shareholders' Meetings of both companies involved in a merger to resolve on the merger agreement. Also, the merger agreement may provide for a compensation payment only for the shareholders of the absorbed company. In this case, a 90 per cent. majority of all votes in the Shareholders' Meeting of the absorbed company is required.

Share Capital

The share capital may be increased by a decision of the shareholders to this effect or by the Board of Directors (within the limits of the powers delegated by the shareholders to the Board of Directors).

The share capital may be increased by a decision of the shareholders to this effect or through the exercise of conversion rights and/or warrants granted in connection with the issuance of bonds or similar debt instruments by LafargeHolcim Ltd or one of its Group companies. The pre-emptive rights may be excluded.

6 Documents on Display

Copies of this Registration Document may be obtained free of charge from Holcim's registered office (Zürcherstrasse 156, 8645 Jona, Switzerland) and can be downloaded from Holcim's website (www.holcim.com). Copies of this Registration Document may be obtained free of charge from Lafarge's registered office (61, rue des Belles Feuilles, 75116 Paris, France) and can be downloaded from Lafarge's website (www.lafarge.com) and from the AMF's website (www.amf-france.org).

During the period in which this Registration Document is valid, the following documents (or a copy of these documents) may be consulted:

- the LafargeHolcim Ltd's articles of association;
- all reports, correspondence and other documents, historical financial information, evaluations and declarations established by an expert at LafargeHolcim's request, of which a part is included or mentioned in this Registration Document; and
- the historical financial information included in this Registration Document.

The above documents may be consulted at Holcim's registered office (Zürcherstrasse 156, 8645 Jona, Switzerland) and at Lafarge's registered office (61, rue des Belles Feuilles, 75116 Paris, France).

As of the admission of LafargeHolcim Ltd's shares to trading on the Euronext Paris regulated market, the regulated information in accordance with the provisions of the AMF's general regulation will be available on LafargeHolcim's website.

PART II
HOLCIM

1 Statutory Auditors

Holcim's statutory auditors are Ernst & Young Ltd at Maagplatz 1, 8010 Zurich, Switzerland, represented by Willy Hofstetter and Elisa Alfieri. Ernst & Young Ltd have been the auditors of Holcim Ltd since 2002 and have been re-appointed in their function on April 13, 2015, for a period of one financial year expiring at the end of the shareholders' meeting called to approve the financial statements for financial year 2015.

2 Risk Factors

Investors should carefully consider all of the information set forth in this Registration Document, including the risk factors set forth in this section, those pertaining to LafargeHolcim in Section 3 of Part I and those pertaining to Lafarge in Section 5.1 of the Lafarge 2014 Document de Référence incorporated herein by reference. The risk factors set forth in this Section and in Section 3 of Part I are, as of the date of this Registration Document, the risks that the Holcim Group believes, were they to occur, could have a material adverse effect on its business, results of operations, financial condition and prospects. Investors should note that there may be other risks that have not yet been identified as of the date of this Registration Document, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect on the Holcim Group's business, results of operations, financial condition and prospects.

2.1 Financial and Market Risks

The Holcim Group's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Holcim Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Holcim Group. The Holcim Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. Therefore, the Holcim Group does not enter into derivative or other financial transactions which are unrelated to its operating business.

Financial risk management within the Holcim Group is governed by policies approved by key management personnel. It provides principles for overall risk management as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and the investing of excess cash.

2.1.1 Liquidity Risk

Holcim Group companies need liquidity to meet their obligations. Individual companies are responsible for their own cash balances and the raising of internal and external credit lines to cover the liquidity needs, subject to guidance by the Holcim Group.

The Holcim Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements. In addition, the strong creditworthiness of the Holcim Group allows it to make efficient use of international financial markets for financing purposes.

In general, the Holcim Group does not hold or acquire any shares or options on shares or other equity products which are not directly related to the business of the Holcim Group.

Contractual Maturity Analysis

	Contractual undiscounted cash flows							
	Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Thereafter	Total	Carrying amount
				(In CHF million)				
2014								
Trade accounts payable	2,101						2,101	2,101
Loans from financial institutions	1,411	428	643	145	96	98	2,822	2,833
Bonds, private placements and commercial paper notes	1,128	926	1,313	1,038	1,018	3,416	8,840	8,861
Interest payments	466	425	355	247	191	1,086	2,769	
Finance leases	22	18	16	12	12	62	143	96
Derivative financial instruments net[1]	(14)	(17)	(6)	(3)	(3)	17	(26)	(47)
Total	5,114	1,780	2,322	1,440	1,314	4,679	16,650	
2013								
Trade accounts payable	1,934						1,934	1,934
Loans from financial institutions	797	385	402	112	65	187	1,949	1,952
Bonds, private placements and commercial paper notes	2,173	765	880	1,293	879	3,658	9,648	9,652
Interest payments	534	390	357	304	217	1,143	2,944	
Finance leases	25	20	15	15	14	61	150	101
Derivative financial instruments net[1]	(24)	(19)	(21)	(17)	(4)	(63)	(149)	(101)
Total	5,439	1,540	1,632	1,708	1,171	4,986	16,476	

Note:

(1) All derivative financial instruments are held for hedging. The contractual cash flows include both cash in- and outflows.

The maturity profile is based on contractual undiscounted amounts including both interest and principal cash flows and based on the earliest date on which Holcim can be required to pay.

Contractual interest cash flows relating to a variable interest rate are calculated based on the rates prevailing as of December 31.

2.1.2 Market Risk

The Holcim Group is exposed to market risk, primarily relating to foreign exchange and interest rate risk. To manage the volatility relating to these exposures, the Holcim Group enters into a variety of derivative financial instruments. The Holcim Group's objective is to reduce fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk.

Interest Rate Risk

Interest rate risk arises from movements in interest rates which could affect the Holcim Group's financial result and market values of its financial instruments. The Holcim Group is primarily exposed to fluctuations in interest rates on its financial liabilities at floating rates which may cause variations in the Holcim

Group's financial result. The exposure is addressed through the management of the fixed/floating ratio of financial liabilities. To manage this mix, the Holcim Group may enter into interest rate swap agreements, in which it exchanges periodic payments based on notional amounts and agreed-upon fixed and floating interest rates.

Interest Rate Sensitivity

The Holcim Group's sensitivity analysis has been determined based on the interest rate exposure relating to the Holcim Group's financial liabilities at a variable rate on a post hedge basis as at December 31, 2014.

A 1 percentage point change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

At December 31, 2014, a 1 percentage point shift in interest rates, with all other assumptions held constant, would result in approximately CHF38 million of annual additional/lower financial expenses before tax on a post hedge basis.

The Holcim Group's sensitivity to interest rates is slightly higher than last year mainly due to a shift of the reset dates of floating rate liabilities towards the lower end of the one year period. This effect has even compensated the decrease of the ratio of financial liabilities at variable rates to total financial liabilities from 44 per cent. to 42 per cent.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of the Holcim Group.

2.1.3 Currency Risk

The Holcim Group operates internationally in around 70 countries and is therefore exposed to foreign currency risks.

The translation of foreign operations into the Holcim Group reporting currency leads to currency translation effects. The Holcim Group may hedge certain net investments in foreign entities with foreign currency borrowings or other instruments. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. To the extent that the net investment hedge is effective, all foreign exchange gains or losses are recognized in equity and included in currency translation adjustments.

Due to the local nature of the construction materials business, transaction risk is limited. However, for many Holcim Group companies, income will be primarily in local currency, whereas debt servicing and a significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, subsidiaries may enter into derivative contracts which are designated as either cash flow hedges or fair value hedges, as appropriate, but which in general do not include the hedging of forecasted transactions.

Currency Sensitivity

The Holcim Group's sensitivity analysis has been determined based on the Holcim Group's net transaction exposure that arises on monetary financial assets and liabilities at December 31 that are denominated in a foreign currency other than the functional currency in which they are measured. The Holcim Group's net foreign currency transaction risk mainly arises from CHF, USD and EUR against the respective currencies the Holcim Group operates in.

A 5 per cent. change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates.

A 5 per cent. change in CHF, USD and EUR against the respective currencies the Holcim Group operates in would only have an immaterial impact on foreign exchange (loss) gains net on a post hedge basis in both the current and prior year.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Holcim Group.

2.1.4 Capital Structure

The Holcim Group's objectives when managing capital are to secure the Holcim Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets, in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost efficient and risk-optimized capital structure.

The Holcim Group manages the capital structure and makes adjustments to it in light of changes in economic conditions, its business activities, the investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Holcim Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase debt or sell assets to reduce debt.

The Holcim Group monitors capital, among others, on the basis of the ratio of funds from operations as a percentage of net financial debt and the ratio of net financial debt to EBITDA (for more information on EBITDA, please refer to Note 3 to the Consolidated Financial Statements of the Holcim Group as of and for the year ended December 31, 2014).

Funds from operations is calculated as net income plus depreciation, amortization and impairment as shown in the consolidated statement of income. Net financial debt is calculated as financial liabilities less cash and cash equivalents as shown in the consolidated statement of financial position.

The net financial debt to EBITDA ratio is used as an indicator of financial risk and shows how many years it would take the Holcim Group to pay back its debt.

During 2014, the Holcim Group's target, which remained the same as in 2013, was to maintain a ratio of funds from operations as a percentage of net financial debt of at least 25 per cent. and a net financial debt to EBITDA ratio of less than 2.8x.

	2014	**2013**
	(In CHF million)	
Net income	1,619	1,596
Depreciation, amortization and impairment	1,434	1,565
Funds from operations	3,053	3,161
Financial liabilities	11,793	11,705
Cash and cash equivalents	(2,149)	(2,244)
Net financial debt	9,644	9,461
Funds from operations/net financial debt	**31.7%**	**33.4%**

	2014	2013
	(In CHF million)	
Net financial debt	9,644	9,461
EBITDA	4,156	4,332
Net financial debt/EBITDA	**2.3**	**2.2**

2.1.5 Credit Risk

Credit risks arise, among others, from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Holcim Group periodically assesses the financial reliability of customers.

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The Holcim Group does not expect any counterparty to be unable to fulfil their obligations under their respective financing agreements. At year end, the Holcim Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position.

2.1.6 Accounting for Derivative Financial Instruments and Hedging Activities

The Holcim Group mainly uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures relating to debt, as well as foreign exchange contracts to hedge firm commitments for the acquisition of certain property, plant and equipment.

The fair values of various derivative instruments are disclosed in note 29 to the consolidated financial statements of the Holcim Group as of and for the year ended December 31, 2014. Movements in the cash flow hedging reserve are shown in the statement of changes in consolidated equity of the Holcim Group.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Holcim Group designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a firm commitment (cash flow hedge) or (d) a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the statement of income, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized outside the statement of income in comprehensive earnings. Where the firm commitment results in the recognition of an asset, for example, property, plant and equipment, or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the statement of income and classified as revenue or expense in the same periods during which the cash flows, such as hedged firm commitments or interest payments, affect the statement of income.

Fair Value Estimation

The fair value of publicly traded financial instruments is generally based on quoted market prices at the end of the reporting period.

For non-publicly traded financial instruments, the fair value is determined by using a variety of methods, such as the discounted cash flow method and option pricing models. The valuation methods seek to maximize the use of observable market data existing at the end of the reporting period.

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

Fair Values

	Carrying amount (by measurement basis)				
	Amortized cost	**Fair value level 1** (1)	**Fair value-level 2** (2)	**Total**	**Comparison Fair value**
			(In CHF million)		
2014					
Current financial assets					
Cash and cash equivalents	2,149			2,149	
Trade accounts receivable	2,226			2,226	
Other receivables	211			211	
Other current assets		1(1)		1	
Long-term financial assets					
Long-term receivables	327			327	331(4)
Financial investments third parties	28(2)	2(1)	85(1)	115	
Derivative assets(3)			50	50	
Current financial liabilities					
Trade accounts payable	2,101			2,101	
Current financial liabilities	2,499			2,499	
Derivative liabilities(3)			3	3	
Long-term financial liabilities					
Long-term financial liabilities	9,291			9,291	10,347(5)

Notes:

(1) Available-for-sale.

(2) Financial investments measured at cost.

(3) Held for hedging.

(4) The comparison fair value for long-term receivables consists of CHF6 million level 1 and CHF326 million level 2 fair value measurements.

(5) The comparison fair value for long-term financial liabilities consists of CHF8,191 million level 1 and CHF2,156 million level 2 fair value measurements.

	Carrying amount (by measurement basis)				
	Amortized cost	Fair value level 1 (1)	Fair value level 2 (2)	Total	Comparison Fair value
			(In CHF million)		
2013					
Current financial assets					
Cash and cash equivalents	2,244			2,244	
Trade accounts receivable	2,121			2,121	
Other receivables	152			152	
Other current assets		1(1)	86(1)	87	
Derivative assets(3)			6	6	
Long-term financial assets					
Long-term receivables	314			314	316(4)
Financial investments third parties	35(2)	2(1)	89(1)	126	
Derivative assets(3)			96	96	
Current financial liabilities					
Trade accounts payable	1,934			1,934	
Current financial liabilities	2,920			2,920	
Derivative liabilities(3)			1	1	
Long-term financial liabilities					
Long-term financial liabilities	8,785			8,785	9,303(5)

Notes:

(1) Available-for-sale.

(2) Financial investments measured at cost.

(3) Held for hedging.

(4) The comparison fair value for long-term receivables consists of CHF4 million level 1 and CHF312 million level 2 fair value measurements.

(5) The comparison fair value for long-term financial liabilities consists of CHF7,416 million level 1 and CHF1,887 million level 2 fair value measurements.

The table shows the carrying amounts and fair values of financial assets and liabilities.

The levels of fair value hierarchy used are defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets.

Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of interest rate and currency

swaps is determined by discounting estimated future cash flows, and the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period.

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2014 and 2013, there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2014 and 2013.

2.2 Risk Management and Insurance Coverage

The Holcim Group has a risk management framework in place which includes the business risk management processes followed to identify and mitigate risks and to provide to the Executive Committee and the Board of Directors of the Holcim Group an aggregated risk mapping of the Holcim Group. Insurance forms an integral part of risk management, enabling risk transfer through insurance solutions and providing risk improvement measures through risk engineering assessments.

The Holcim Insurance Policy defines a common insurance approach for all consolidated Holcim Group companies. It also allows the Holcim Group to minimize the total cost of risk coverage. Risks are distinguished between selected corporate risks, which are insured through a group-wide program, and selected local risks, which are insured on a stand-alone basis by each Holcim Group company, reflecting their requirements, practice and local legislation. Some risk categories are reinsured through captive insurance companies of the Holcim Group.

The Holcim Group's insurance programs seek to provide the broadest insurance cover at competitive pricing placed with third party insurers.

As at December 31, 2014, the following corporate risks were insured via third party group-wide insurance programs:

- Property;
- Third party liability;
- Environmental impairment liability;
- Construction; and
- Directors and Officers liability.

Property Insurance

The group-wide property insurance program includes coverage for the following areas:

- Property;
- Damage and resulting business interruption; and
- Machinery break-down and resulting business interruption.

All Holcim Group companies with exposure to property damage are covered by the group-wide program, except for the assets of Holcim's subsidiaries in India, which are insured through a local insurance program. The property insurance program consists of a Holcim Master Policy, in which the Holcim Group's scope of cover and the insured program limits are defined and local policies to meet the local legal requirements. At December 31, 2014, the insurance value of property, plant and equipment amounted to CHF32.9 billion (2013: CHF30.9 billion). The property insurance program includes risk engineering services by specialized external engineers to minimize the risks and to reduce the loss exposure. The risk engineers assess the risks of loss due to fires and specialized assessments are conducted to establish the sites' exposure to natural hazards such as earthquakes, high wind or flooding.

Third Party Liability and Environmental Liability Insurance

All Holcim Group companies (except in India, where the Holcim Group subsidiaries are insured through a local program) mandatorily participate in the third party liability program that is designed to protect the Holcim Group and all its business activities against legal liability claims raised by third parties. The environmental liability program is an extension of the third party liability program. It is designed to protect the Holcim Group and all its business activities against legal liability claims for bodily injury and property damage resulting from environmental hazards. The third party liability program consists of a Holcim Master Policy, where the Holcim Group's scope of cover and the insured program limits are defined, and local policies to meet the local legal requirements. The Holcim Group's third party liability program includes risk engineering services to minimize risks and to reduce the loss exposure.

Construction Insurance

The construction cover provides comprehensive project insurance for investment projects, including the construction tools, during the construction period against the following risks:

- Third party liability;
- Property damage;
- Transport risks; and
- Delay in start-up.

The construction cover is a single, project specific insurance policy that is required for construction projects with a financial value exceeding the construction cover provided within the Holcim Group's property insurance program.

3 Selected Financial Information

	2014	2013	2012[(1)]
		(CHF million)	
Net Sales	19,110	19,719	21,160
Operating EBITDA	3,747	3,896	3,889
Operating profit	2,317	2,357	1,749
Net Income – shareholders of Holcim Ltd	1,287	1,272	610
Cash flow from operating activities	2,498	2,787	2,643
Net financial debt	9,644	9,461	10,325
Total shareholders' equity	20,112	18,677	19,234
Earnings per share (in CHF)	3.95	3.91	1.89

Note:

(1) Restated due to changes in accounting policies.

4 Information About Holcim

4.1 History and Development

Founded in 1912, in the village of Holderbank in the Swiss canton of Aargau, the Holcim Group has grown steadily, first as "Holderbank" and then later as Holcim, to become one of the world's leading producers of cement and aggregates (crushed stone, sand and gravel). The Holcim Group also supplies ready-mix concrete and asphalt, and provides related services. In 1922, "Holderbank" engineers began their first activities abroad, using their technical know-how to support the construction of a cement plant in Beaumont-sur-Oise, south of Paris. Beside France, the Holcim Group expanded into Belgium in 1925 and in 1929, "Holderbank" opened its first cement factory abroad in Tourah, Egypt, and built a cement plant in Chekka, Lebanon. In the late 1930s, "Holderbank" expanded into South Africa and in 1950, the decision was taken to venture into North America. In its 50th anniversary year in 1962, "Holderbank" began a phase of expansion into Latin America. In 1974, "Holderbank" made its first move into Asia with a participation in the Philippines. In the late 1980s and in the 1990s, the Holcim Group especially expanded in the Eastern European markets. At the Annual Shareholders' Meeting in spring 2001, the shareholders voted to change the company's name worldwide to Holcim and in 2003, the Holcim Group introduced a unified registered share structure under the motto "one share, one vote". The historic transition of the Holcim Group from a family enterprise to an open, public company also heralded the start of a decade of increased geographic expansion in developed markets as well as intensified vertical integration in the saturated markets of Europe, North America and Australia. The Holcim Group was one of the first global construction materials companies to earn more than 50 per cent. of its sales in emerging markets.

4.2 Investments

The investment policies and product ranges of the Holcim Group are geared to the maturities of the markets it serves and resulting local consumer needs. In emerging markets, for example, the main emphasis for the Holcim Group is on building up and expanding cement production whereas in mature markets, the focus is on ensuring high utilization of cement capacity. As an economy becomes increasingly mature, there is greater demand for aggregates, downstream activities and vertical integration, and the product range of the Holcim Group is broadened in its mature markets.

Please refer to Section 8.1.2 for a description of the cash flow from investing activities for the financial years ended December 31, 2014 and 2013.

Below is a description of the Holcim Group's key investment projects:

Indonesia

In order to meet rising demand, the Holcim Group is building a new integrated cement plant in Tuban, East Java, with two production lines of 1.6 mt each. The cement mill of the first line was put into commercial operation in December 2013 and the kiln followed in September 2014. The second line will be fully operational in the second quarter of 2015.

The Holcim Group is also building a cement terminal and packing plant near Lampung, South Sumatra. This terminal is expected to be in operation in the first quarter of 2016. The Holcim Group already has a strong position in the regional market of Southern Sumatra which is growing faster than the Indonesian average, and this strengthening of the footprint will allow for an improvement in customer service and a reduction in logistics costs.

Brazil

In Brazil, a second kiln line is being installed at the Barroso plant and will be commissioned in the second half of 2015. The additional cement capacity of 2.3 mt will bring the total capacity of Holcim Brazil to 7.7 mt. With this investment, the Holcim Group will be better positioned to meet the long term growing demand for building materials in the south-east of the country.

Ecuador

Following the timely commissioning of the new cement mill in the second half of 2011, Holcim Ecuador began the second phase of the cement plant modernization in Guayaquil in December 2012, which will increase clinker capacity by 1.4 mt in the first quarter of 2015. This investment will balance local clinker production capacity with local cement capacity in order to eliminate costly clinker imports, reduce logistics-related risks, increase local value creation and reduce the CO_2 footprint. With this investment, Holcim Ecuador will be better positioned to further leverage its strong brand presence, meet its customer's needs and substitute imports.

India

The ongoing construction of a new cement plant at Jamul in India is progressing as per the plans. The production unit with a capacity of 2.8 mt of clinker at Jamul is expected to commence operations by mid-2015. The satellite grinding units with a capacity of 2.5 mt per annum at Jamul and Sindri are expected to go on stream by the end of 2015. The two additional proposed grinding units in the eastern region have been temporarily put on hold due to change in market conditions.

Australia

In 2011, the Holcim Group began work in the south-west of Sydney on what will become the Holcim Group's largest project in the field of aggregates. Known as Lynwood Quarry, the site will supply aggregates to one of Australia's largest markets. Due to the possibility of transporting the raw material by rail, the quarry, together with the distribution centre in West Sydney, will offer one of the most cost-effective and sustainable solutions of this kind. The plant is due to be commissioned in May 2015. The site is expected to enable the Holcim Group to strengthen its integrated market position in Sydney and New South Wales.

Russia

Holcim Russia's modernization strategy continues with the upgrade of its existing wet process Volsk plant in the Volga region. The modernization of the Volsk plant is divided into two phases: "clinker line" and "cement upgrade". The main structural foundations were already completed and the installation of mechanical equipment is on-going. The project is generally progressing according to plan with the new clinker line to be commissioned in the second half of 2016. This project will strengthen Holcim Russia's ability to capture growth and will improve the long-term cost competitiveness of the Volsk plant.

5 Business

5.1 Overview of the Business

Founded in Switzerland in 1912, the Holcim Group is one of the world's leading producers of cement and aggregates (crushed stone, sand and gravel). The Holcim Group also supplies ready-mix concrete and asphalt, and provides related services. The business activities of the Holcim Group are organised into five geographical segments, the regions Asia Pacific, Latin America, Europe, North America and Africa Middle East and divided into three product segments:

- The cement segment includes all activities focusing on the manufacture and distribution of cement and other cementitious materials;
- The aggregates segment comprises the production, processing and distribution of aggregates such as crushed stone, gravel and sand; and
- The other construction materials and services segment includes ready-mix concrete, concrete products as well as asphalt, construction and paving. This segment also includes the trading activities of the Holcim Group relating to cement, clinker, fuels and raw materials, including the purchase of coal and petroleum coke, both important sources of energy for the cement industry.

The Holcim Group has a diversified customer base for its products and does not rely on individual customers in any geographic region in which it operates.

As at December 31, 2014, the Holcim Group operates in more than 70 countries and employed 67,584 people. As at December 31, 2014, the Holcim Group operated a total of 144 cement and grinding plants with an installed annual production capacity of 211.4 mt of cement and owned 363 aggregate plants, 935 ready-mix concrete plants and 84 asphalt plants worldwide.

For the year ended December 31, 2014, the Holcim Group reported an operating EBITDA of CHF3,747 million on net sales of CHF19,110 million compared to an operating EBITDA of CHF3,896 million on net sales of CHF19,719 million in 2013. The Holcim Group reported an operating profit of CHF2,317 million for the year 2014 (2013: CHF2,357 million).

5.1.1 Cement

The Holcim Group is one of the leading producers of cement and clinker in the world in terms of consolidated volume sold. The cement segment accounted for net sales of CHF12,509 million (including intra-Holcim Group sales) for the year ended December 31, 2014, compared to CHF12,939 million (including intra-Holcim Group sales) in 2013. In 2014, net sales of cement (including intra-Holcim Group sales) represented 65.5 per cent. of the total net sales of the Holcim Group, compared to 65.6 per cent. in 2013.

Profile

Cement is manufactured through a large-scale, complex, and capital and energy-intensive process. At the core of the production process is a rotary kiln, in which limestone and clay are heated to approximately 1,450 degrees Celsius. The semi-finished product, called clinker, is created by sintering. In the cement mill, gypsum is added to the clinker and the mixture is ground to a fine powder – traditional Portland cement. Other high-grade materials such as granulated blast furnace slag, fly ash, pozzolan, and limestone are added in order to modify the properties of the cement. Holcim offers customers a very wide range of cements. However, the Holcim Group sees itself as a service provider that generates added value for its partners through the advice it gives and the customized solutions it delivers for specific construction projects.

Developments

In 2014, cement volumes increased 1.0 per cent. to 140.3 mt. Volume increases in Asia Pacific, North America, and Africa Middle East were able to make up for the lower shipments in Europe and Latin America. The Holcim Group companies with the highest volume increases included Holcim US, Holcim Philippines, Holcim Morocco, Ambuja Cements, Holcim Indonesia, and Holcim Mexico. Azerbaijan, Ecuador, and Italy reported lower cement shipments. The Holcim Group sold 4.3 mt of mineral components in 2014.

Consolidated Key Figures for Cement in 2014

Production capacity cement in mt	211.4
Cement and grinding plants	144
Sales of cement in mt	140.3
Net sales[(1)] in CHF million	12,509
Operating profit[(1)] in CHF million	2,104
Personnel	44,403

Note:

(1) Includes all other cementitious materials.

Consolidated Sales of Cement 2014 per Region[1]	*(mt)*
Asia Pacific	71.2
Latin America	24.6
Europe	26.4
North America	13.0
Africa Middle East	8.3

Note:

(1) Inter-regional sales -3.2 mt.

5.1.2 Aggregates

The Holcim Group is a producer of aggregates. The aggregates segment accounted for total net sales of CHF2,404 million (including intra-Holcim Group sales) for the year ended December 31, 2014, compared to total net sales of CHF2,428 million (including intra-Holcim Group sales) in 2013. Sales of aggregates (including intra-Holcim Group sales) in 2014 represented 12.6 per cent. of the total net sales of the Holcim Group, as compared to 12.3 per cent. in 2013.

Profile

Aggregates include crushed stone, gravel, and sand. The production process centers around quarrying, preparing and sorting the raw material as well as quality testing. Aggregates are mainly used in the manufacturing of ready-mix concrete, concrete products, and asphalt, as well as for road building and railway track beds. The recycling of aggregates from concrete material is gaining importance at the Holcim Group.

Developments

Aggregate volumes across the Holcim Group reached 153.1 mt, a drop of 0.9 per cent. All Holcim Group regions except North America reported lower volumes. In Latin America, restructuring of aggregate positions was the main contributor to the development while in Europe the increased shipments in the United Kingdom and the Czech Republic were exceptions. In North America, both Aggregate Industries US and Holcim Canada contributed to an increase in volumes.

Consolidated Key Figures for Aggregates in 2014	
Aggregates plants	363
Sales of aggregates in mt	153.1
Net sales in CHF million	2,404
Operating profit in CHF million	214
Personnel	5,722

Consolidated Sales of Aggregates 2014 per Region	*(mt)*
Asia Pacific	24.8
Latin America	7.5
Europe	73.1
North America	45.7
Africa Middle East	2.0

5.1.3 Other Construction Materials and Services

This segment includes ready-mix concrete, concrete products, asphalt, construction and paving. It also covers international trading activities relating to cement, clinker and raw materials, including the purchase of coal and petroleum coke, both important sources of energy for the cement industry. The Other Construction Materials and Services segment accounted for net sales (including intra-Holcim Group sales) of CHF6,548 million for the year ended December 31, 2014, as compared to CHF6,812 million in 2013, which represented 34.3 per cent. (2013: 34.5 per cent.) of the total net sales of the Holcim Group.

Profile

Globally, concrete is the second most consumed commodity by volume after water. One cubic meter consists of approximately 300 kilograms of cement, 150 liters of water, and 2 tonnes of aggregates. Concrete is a very environmentally friendly, energy-efficient building material. Asphalt is a bituminous construction material used primarily for road paving. It consists mainly of aggregates of differing grain size. The Holcim Group's service offering also includes construction services and international trading.

Developments

Deliveries of ready-mix concrete were down 6.3 per cent. to 37.0 million cubic meters, as all Holcim Group regions reported lower volumes. In Latin America, where the decreases were more significant, strategic efforts to right-size ready-mix concrete operations had an effect on sales volumes. Asphalt volumes were up 12.4 per cent. to 10.0 mt. Higher demand in the United States and the United Kingdom supported this development.

Consolidated Key Figures for Other Construction Materials and Services in 2014	
Ready-mix concrete plants	935
Asphalt plants	84
Sales of ready-mix concrete in million m^3	37.0
Sales of asphalt in mt	10.0
Net sales in CHF million	6,548
Operating profit in CHF million	0
Personnel	16,825

5.2 Key Success Factors and Strategy

The Holcim Group's vision is to provide foundations for society's future. To do so, the Holcim Group supplies customers around the globe with cement, aggregates, ready-mix concrete, concrete products, asphalt, and associated services and solutions. From around 1,500 production sites located in all major markets of the world, The Holcim Group supports construction work efficiently, sustainably, and safely. The Holcim Group seeks to grow its business with the customers and societies it serves. As a consequence, the asset footprint reflects the growth development of the construction industry, with two-thirds of the Holcim Group's capacity located in the growing emerging markets of Latin America and Asia.

5.2.1 Strategy Supports Program to Increase Rate of Return on Invested Capital

The Holcim Group's strategy is based on three principles of success: focus on the Holcim Group's core construction materials businesses, targeted and broad-based geographical diversification with continually improving positions in growth markets, and a balance between global strategic and local operational leadership. These principles have proven effective throughout diverse economic environments, allowing for decisive and rapid response to changing business conditions.

5.2.2 Building Materials as Core Business

High-quality building materials as a business will continue to offer interesting opportunities, as global population growth, high-density construction, and increasing aspiration levels continue to generate steadily growing demand for better infrastructure and housing. Many areas harbor a huge backlog of demand in terms of both quantity and quality.

The basis for the Holcim Group's success over decades has been delivering value-adding products, i.e. services and solutions, with a clear focus on cement and aggregates. For decades, the Holcim Group has attached great importance to sustainability concepts, as the processing of limestone, clay, and marl and the quarrying and processing of crushed stone, gravel, and sand depend upon natural resources and significant energy input. In a number of countries, particularly in mature markets and in major urban areas, the Holcim Group is also active in the ready-mix concrete, concrete products, and asphalt businesses. Global expert teams back up these product offerings with a diverse range of services, product-specific consulting, and innovative system solutions specially conceived for major projects. Tailored concepts for complex building projects are another success factor in a number of locations. The Holcim Group runs these business units as profitable operations, not simply sales channels for cement. The operations are regularly monitored in order to enhance their profit contribution.

5.2.3 Global Presence

The Holcim Group has operations at approximately 1,500 sites in around 70 countries on every continent, including cement plants, aggregates operations, ready-mix concrete and concrete element plants, asphalt facilities, and platforms for processing alternative fuels and raw materials. The Holcim Group's broad-based presence demonstrates the value of a balanced portfolio, as it smoothes out cyclical fluctuations in individual markets and stabilizes earnings.

In 2014, 51 per cent. of the consolidated net sales of the Holcim Group were generated in emerging markets (49 per cent. generated in mature markets).

Consolidated Net Sales 2014 per Region	*(In CHF million)*	
Asia Pacific	6,970	35.3%
Latin America	3,012	15.3%
Europe	5,554	28.1%
North America	3,336	16.9%
Africa Middle East	861	4.4%

5.2.4 Balance Between Global Strategic and Local Operational Leadership

Marketing and selling products, services, and solutions, extracting raw materials, operating cement plants, and distributing building materials is a local business. Most customers also operate locally or regionally. This is why the operating companies are firmly anchored in their local environment and why the Holcim Group has always placed great emphasis on delegating operational and business responsibilities to the Holcim Group companies. However, the Holcim Group-wide directives, which make up the Holcim policy landscape, must be applied and complied with globally. This particularly applies to the Holcim Group-wide standards for the professional behavior expected of all staff. Non-compliance with the Holcim Code of Business Conduct is automatic grounds for disciplinary sanctions.

Occupational health and safety has the highest priority. As a consequence, the Holcim Group focuses on the vision of "zero harm to people". The Occupational Health & Safety function reports directly to the Holcim Group Chief Executive Officer. Holcim considers accidents on its sites as unacceptable. The company is maintaining a target for lost-time injury frequency rate (LTIFR) of less than 1.0. In line with best practice, the Holcim Group also moved to a total injury frequency rate (TIFR) with a target of below 5.0. The most important risks, addressed by the "Fatality Prevention Elements", are constantly monitored.

In the view of the Holcim Group, alongside occupational health and safety, the following areas are also of vital importance:

Customer excellence stands for creating more value for the customer and higher and sustainable returns for the Holcim Group. The goal is to be the most customer focused company with highest customer loyalty in the industry. Activities must center on creating value for and in cooperation with customers. This must be reflected in the range of products and services offered and in the Holcim Group's communication and engagement with customers. Innovations should respond to changing and new expectations.

Cost leadership is to continuously and creatively strive for cost savings and efficiency gains on all levels of the organization in order to achieve a highly competitive position in the relevant markets. Targets are defined for each area of the business. Cost management means using the Holcim Group's resources in the most efficient way while leveraging the Holcim Group's global size to gain a competitive edge. Hence, corporate functional units and regional service centers support individual Holcim Group companies in achieving their targets.

Leadership encompasses the development of leaders as an institutionalized practice. The Holcim Group aspires to be an employer that can attract, motivate, and retain top leaders and talents. Leadership is to cultivate an accountable leadership attitude on all levels of the organization as a way of life. Hence, all employees are provided with opportunities for systematic development and training. Leaders must demonstrate and be role models for the Holcim Group values, Code of Business Conduct, and compliance requirements.

Sustainable development is a key strategic element, as the Holcim Group's dependence on natural resources and its long-term planning horizons make sustainable management a strategic necessity for the Holcim Group. This is why the Holcim Group regards environmental performance and social responsibility as integral components of its strategy.

The Holcim Group's corporate culture is practiced on a Holcim Group-wide basis and can be summed up in the values "Strength. Performance. Passion.". In order to bring these values to life, the Holcim Group focuses on six behaviors. These principles represent what the Holcim Group stands for: integrity, customer excellence, collaboration, drive for results, develop yourself and others, change/inspirational leadership.

5.2.5 Continued Value Creation

The Holcim Group wants to grow for years to come. In the past, the Holcim Group achieved growth through acquisitions and by building new plants or plant expansions, in particular in emerging markets. With the Holcim Leadership Journey, the Holcim Group is extracting the growth potential of its current footprint and generates the necessary funds to support further profitable growth. This will allow the Holcim Group to reduce its capital expenditure in the coming years.

In 2015, the Holcim Group will conclude its expansion strategy, allowing the Holcim Group to sustainably create value from its existing asset base. In 2014, new capacity expansion projects were commissioned in the cement segment, adding 4.3 mt of cement per annum.

In Indonesia, the first kiln line of the new Tuban cement plant was commissioned in mid-2014, adding 1.2 mtpa of clinker capacity. The new grinding plant at Port Kembla in Australia came on stream earlier in the year, with an annual capacity of 1.1 mt. In Rabriyawas, India, cement capacity was increased by 0.9 mt and the Meghnaghat grinding station near Dhaka in Bangladesh added 0.7 mt.

Several projects are planned to be completed in 2015, adding further clinker and cement capacity. In Sri Lanka, the Galle grinding station will expand its cement capacity by 0.6 mt. The Barroso plant in Brazil will become fully operational, increasing annual cement capacity by 2.3 mt. A new clinker line at the Guayaquil plant in Ecuador will increase the clinker capacity by 1.4 mt. In Indonesia, the second clinker line of the Tuban plant will be commissioned, adding 1.6 mt of cement capacity. In India, 2.5 mt of additional cement capacity will be brought into operation at the Jamul plant along with its satellite grinding station in Sindri.

Two plants in the USA are scheduled to complete performance upgrades and improvement projects in 2016: the Hagerstown plant near Washington, D.C. and the Ada plant in Oklahoma. In New Zealand, a new import terminal in Timaru and one in Auckland will be constructed to replace the existing cement plant at Westport. In the second half of 2016, the Volsk plant upgrade in Russia will be finalized, providing 1.8 mtpa of cement with high-efficiency production.

5.3 Business Review by Region

5.3.1 Asia Pacific

As of December 31, 2014, the Holcim Group's cement and clinker operations in Asia Pacific had a total of 54 cement and grinding plants with a combined capacity of 96.4 mtpa, representing 45.6 per cent. of total Holcim Group annual cement production capacity. The principal companies of the Holcim Group are located in India, Sri Lanka, Bangladesh, Malaysia, Singapore, Indonesia, Vietnam, the Philippines, Australia and New Zealand, with a principal associated company in China.

Asia Pacific's economic climate was characterized by the start of a rebound in the Indian economy and growth in most other major markets in the region.

India's economic environment was lackluster over the first months of 2014, but following the federal elections signs of improvement became stronger as the new government kicked off a number of projects to stimulate growth. Sri Lanka's economy remained in solid shape, and Bangladesh reported growth despite some political uncertainties. The economic environment in Vietnam remained challenging despite growth. In 2014, Malaysia benefited from public investment while Singapore's growth was less dynamic. The Philippine economy grew, driven by the service and manufacturing industries as well as strong household spending, and Indonesia recorded growth although lower than expectations due to the election in 2014. Growth in Australia moderated due to a decline in resource sector investment and subdued non-mining business investment, while in New Zealand economic activity was solid.

India's construction markets gradually turned more positive in the course of 2014. Infrastructure investment remained comparably low but the situation for residential projects was more positive despite inflation and interest rates. While Sri Lanka's construction market recovered from the challenging previous year, Bangladesh continued to be positive also in 2014. Vietnam continued to face oversupply of many building materials, but Malaysia benefited from various infrastructure projects. Singapore's construction sector suffered from a slowdown. The positive economic climate continued to drive construction projects in the Philippines with government spending as a main contributor. Construction spending in Indonesia was less dynamic as a result of the national elections, but demand for housing remained high. Total construction activity in Australia declined in 2014 as a result of the cyclical downturn, despite residential construction growing. New Zealand's construction sector was in shape with an increase in cement consumption.

Consolidated Key Figures

Asia Pacific	**2014**	**2013**	**±%**	**±% LFL**[(1)]
Production capacity cement in mt	96.4	90.3	+6.8	
Cement and grinding plants	54	51		
Aggregates plants	72	84		
Ready-mix concrete plants	290	320		
Sales of cement in mt	71.2	70.3	+1.4	+2.0
Sales of mineral components in million t	0.6	0.7	-11.2	+6.3
Sales of aggregates in mt	24.8	25.2	-1.5	-1.5
Sales of ready-mix concrete in million m^3	10.8	10.9	-0.8	-0.6
Net sales in CHF million	6,970	7,282	-4.3	+3.8
Operating EBITDA in CHF million	1,332	1,473	-9.5	-1.7
Operating EBITDA margin in %	19.1	20.2		
Operating profit in CHF million	934	1,030	-9.4	-1.7
Operating profit margin in %	13.4	14.1		
Personnel	31,850	34,080	-6.5	-6.5

Note:

(1) Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.

Ambuja Cements and ACC have benefited from the more promising situation in construction markets in the country. Both Holcim Group companies increased top line in 2014 and benefited from various commercial initiatives across the country that opened new markets and increased sales of products. Cement deliveries in Sri Lanka and Bangladesh increased. In 2014, Holcim increased its cement grinding capacities in Meghnaghat, Bangladesh.

Cement volumes at Holcim Vietnam decreased. However, the Holcim Group company, which is mainly active in the southern part of the country recorded an increase in bagged cement sales building , but bulk cement and ready-mix concrete volumes declined. Cement shipments in Malaysia declined following a good year in 2013, and in Singapore ready-mix concrete volumes were down, reflecting the challenges in the local construction industry overall.

Holcim Philippines reported an increase in cement volumes as the government continued to fund infrastructure projects, while the positive business environment has emboldened the private sector to push through with expansion plans.

Volume development in Indonesia was positive for cement and aggregates, while ready-mix concrete deliveries were flat. In cement, the implementation of customer excellence initiatives and the opening of new markets contributed to the development which was particularly strong for bagged cement. The new kiln line of the Tuban I plant in East Java was commissioned in the fourth quarter of 2014.

Cement Australia increased like-for-like cement volumes despite lower demand from the resources sector. In 2014, the Holcim Group company started production at its new Port Kembla grinding station, south of Sydney. Holcim Australia was impacted by the decline in resource sector investment as large-scale projects, particularly in Western Australia were completed in the course of 2014. Subsequently, aggregates volumes declined. In response to a continuing low growth environment and the decline of resource sector investment, Holcim Australia adjusted its footprint and reduced headcount. Holcim New Zealand increased cement volumes in a competitive market and has decided to move to an import strategy by building two new terminals. Aggregates deliveries were up as well.

Consolidated cement volumes in the Holcim Group region Asia Pacific were up 1.4 per cent. to 71.2 mt in 2014. In aggregates, volumes declined 1.5 per cent. to 24.8 mt mainly due to the development at Holcim Australia. Ready-mix concrete deliveries were down by 0.8 per cent. to 10.8 million cubic meters. Consolidated net sales in Asia Pacific reached CHF6.97 billion, a decline of 4.3 per cent. mainly due to negative foreign exchange effects.

Operating profit in the Holcim Group region Asia Pacific decreased 9.4 per cent. to CHF934 million in 2014 with currency effects having a negative impact coupled with lower performance in Holcim Australia. Like-for-like operating profit in the Holcim Group region was down 1.7 per cent.

Overall, India recorded a plus in operating profit. Ambuja Cements was able to reverse the negative development of 2013 and reported increased operating profit. Operating profit at ACC remained impacted by the challenging situation on some of the Holcim Group company's markets. Financial performance in Sri Lanka and Bangladesh was down despite the continued focus on overall cost efficiencies. At Holcim Vietnam operating financial performance was impacted by an oversupplied market. Malaysia recorded operating profit on par with the previous year, while in Singapore it was down. Holcim Philippines benefited from higher volumes and favorable price environment that outweighed the negative effects of increased costs for power and raw materials. Indonesia's performance was below that of 2013. Cement Australia increased like-for-like operating profit on the back of higher volumes and cost control. Holcim Australia suffered from a decline in operating profit as a result of the lower volumes from higher-margin mining projects and despite cost management. Holcim New Zealand recorded higher operating profit in 2014.

China's growth was driven by investment supporting urbanization and privatization. As the market continued to be characterized by excess capacity, the focus of Huaxin, the Holcim Group's local company, remained on differentiation through customer excellence initiatives, cost leadership, and vertical integration across the segments. While Huaxin's cement volumes remained flat, operating profit was higher than in 2013 due to higher prices and lower costs.

Outlook for 2015

Holcim's main cement markets in Asia Pacific are expected to benefit from increased demand in 2015. As India's main macro-economic indicators show a solid basis for growth and stable conditions in the mid-term, cement demand is expected to pick up again in 2015. Initiatives by the new Indian government for infrastructure and housing could further boost demand directly and indirectly throughout 2015. Cement demand in Indonesia and the Philippines is expected to continue to increase due to sound macro-economic fundamentals. The road infrastructure and residential sector will continue to expand in Australia but not enough to mitigate the fall in construction activity in the resources sector.

5.3.2 Latin America

The Holcim Group has cement and clinker operations in Latin America comprising, as at December 31, 2014, a total of 27 cement and grinding plants with a combined cement production capacity of 35.3 mtpa, representing 16.7 per cent. of total consolidated Holcim Group annual cement production capacity. The principal companies of the Holcim Group are located in Mexico, El Salvador, Nicaragua, Costa Rica, Colombia, Ecuador, Brazil, Argentina and Chile.

Latin America faced with challenging development in 2014 as economic activity remained in low gear. Lower commodity prices and tightening financial conditions, as well as supply bottlenecks put pressure on growth in a number of countries.

Over the course of 2014, growth in Mexico rebounded, supported by an increase in exports, higher public spending on infrastructure and an improved manufacturing sector. The Central American countries reported moderate growth. Colombia's economy expanded on solid levels thanks to investment in construction projects, while Ecuador could not maintain the growth rates of the previous year. Brazil's economy largely moved sideways in 2014 as investment was low and interest rates and inflation high. Growth in Chile was low due to uncertainty of the impact of government reforms and Argentina's economy suffered severely from the debt crisis.

The construction market in Mexico recovered in the second half of 2014, supported by the implementation of the National Infrastructure Investment Plan announced in June, but challenges remained in the housing market. In Central America construction activity in El Salvador declined due to less infrastructure spending, while in Costa Rica the sector has been flat, and in Nicaragua growth was recorded. Colombia benefited from several infrastructure expansion and housing projects by the government, leading to demand for building materials. Ecuador's construction industry was less dynamic in 2014. The construction sector in Brazil grew slightly due to lower private and public investment and delays in infrastructure projects, reflecting the overall challenging economic climate. Chile's and Argentina's construction sectors shrank in 2014, however in Argentina the declines were not as pronounced as in other sectors.

Consolidated Key Figures

Latin America	**2014**	**2013**	**±%**	**±% LFL**(1)
Production capacity cement in mt	35.3	35.3	+0.1	
Cement and grinding plants	27	27		
Aggregates plants	12	18		
Ready-mix concrete plants	109	119		
Sales of cement in mt	24.6	25.0	-1.5	-1.5(2)
Sales of aggregates in mt	7.5	10.2	-26.4	-26.4
Sales of ready-mix concrete in million m^3	6.4	8.0	-20.0	-20.0
Net sales in CHF million	3,012	3,349	-10.0	+0.6
Operating EBITDA in CHF million	861	938	-8.2	-0.8
Operating EBITDA margin in %	28.6	28.0		
Operating profit in CHF million	663	722	-8.2	-1.1
Operating profit margin in %	22.0	21.6		
Personnel	10,733	11,181	-4.0	-3.9

Notes:

(1) Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.

(2) The percentage change like-for-like adjusted for internal trading volumes eliminated in "Corporate/Eliminations" amounts to -1.0.

Mexico sold more cement in 2014, driven by the more favorable economic situation that has led to increased cement demand. The Holcim Group company continued to export clinker to Holcim Ecuador in 2014. Volumes in aggregates and ready-mix concrete declined, impacted by the closure of several plants in 2013 based on the strategy to focus on the most profitable markets and customers.

Following a year with solid volumes fueled by major road infrastructure projects, El Salvador delivered less cement in 2014. Volumes in all three segments for Holcim Costa Rica were down, reflecting the slower growth of the national economy and the impact of lower exports. Holcim Nicaragua continued to increase cement volumes in 2014, despite additional capacities of competitors having come on stream in 2014.

Cement volumes at Holcim Colombia improved as the Holcim Group company's cement plant operated close to capacity. With a stronger focus on margins ready-mix concrete deliveries were up.

After Holcim Ecuador reported solid cement volume growth over the last years, with 2013 being a record year, the Holcim Group company was affected by the country's declining cement consumption in 2014. Public investment was subdued as a result of liquidity restraints by the government. Subsequently, deliveries in all three segments declined.

Brazil's economic situation remained difficult following the Soccer World Cup and 2014 federal elections. Holcim Brazil, with its presence in the southeast of the country, could increase cement sales supported by strong demand mainly in Rio de Janeiro but also in Sao Paulo and Espirito Santo. The development in Minas Gerais was less favorable. Following the strategic rightsizing of the ready-mix concrete business last year, volumes decreased in this segment.

In Chile, Cemento Polpaico suffered from the challenging economic situation in 2014 and reported volume declines in all three segments. As mining projects came to an end in 2014, ready-mix concrete deliveries were negatively affected, following a peak in 2013. Subsequently, intra-company cement sales also declined as a result of this development.

As construction is considered a safe way to preserve the value of money in the context of the Argentinian recession, declines in cement consumption were less pronounced than in other industries. However, Holcim Argentina sold less cement in 2014 following the good performance of the year before. Aggregates and ready-mix concrete volumes were down as a result of the lack of infrastructure investment.

Consolidated cement volumes in the Holcim Group region Latin America were down by 1.5 per cent. to 24.6 mt in 2014. In aggregates deliveries declined by 26.4 per cent. to 7.5 mt and in ready-mix concrete shipments contracted by 20.0 per cent. to 6.4 million cubic meters, both mainly as a result of the strategic rightsizing-efforts in the Holcim Group region implemented in 2013. Net sales in the Holcim Group region Latin America were down 10.0 per cent. to CHF3 billion.

Operating profit in the Holcim Group region Latin America was down 8.2 per cent. to CHF663 million as declines were reported in a number of Holcim Group companies. Like-for-like operating profit was down 1.1 per cent. However, Holcim was able to increase its operating profit margin in the region.

More favorable development in Mexico led to increases in operating profit for the Holcim Group company. While operating profit was down in Costa Rica, Nicaragua reported improvements. Holcim El Salvador, Holcim Colombia, and Holcim Ecuador all reported moderate decreases in their financial performance. Brazil suffered from lower prices and increased operating costs that lead to a drop in operating profit. Despite several initiatives to reduce fixed costs, Cemento Polpaico reported lower financial performance mainly because of the market situation. In Argentina, higher price levels were not able to compensate for the volume decrease and cost inflation leading to a lower financial performance.

Outlook for 2015

Export of goods and services as well as internal consumption will continue as growth drivers for Latin America, while the mining sector is expected to slow down. Infrastructure spending for example in Mexico and Colombia, is likely to increase, and the Holcim Group's portfolio is expected to provide stable volume growth. Brazil is likely to remain a challenging market. Ongoing cost reduction resulting from foot print optimization in prior years should improve margins in the Group region.

5.3.3 Europe

As at December 31, 2014, the Holcim Group operated 34 cement and grinding plants in Europe with a combined annual cement production capacity of 46.8 mt, or 22.1 per cent. of total consolidated Holcim Group annual cement production capacity. The principal companies of the Holcim Group are located in France, Belgium, Spain, United Kingdom, Germany, Switzerland, Italy, the Czech Republic, Slovakia, Hungary, Croatia, Serbia, Romania, Bulgaria, Russia and Azerbaijan.

The recovery of the European economy slowed down in the course of 2014 as major markets reported lower than expected growth rates and political uncertainties took their toll. Development in the first half of the year was stronger though.

The economy in the United Kingdom was one of the most robust in the Holcim Group region, showing growth despite some political uncertainty caused by the Scottish referendum for independence in the third quarter. Belgium and the Netherlands were impacted by their governments' austerity measures and budget cuts. France's economy continued to move sideways in 2014, and economic development in Germany cooled down in the course of the year as consumer and business confidence developed less favorably. Switzerland's economy lost some of its momentum also as a result of uncertainty caused by political developments, while in Italy there were no signs of a recovery. In Spain, economic activity rebounded slightly in 2014 while the situation in Eastern Europe remained mixed with some countries not able to exit recession. Steady economic growth in Azerbaijan continued in 2014, but Russia felt the effects of the political instability caused by the Ukraine crisis.

In the United Kingdom construction spending increased mainly driven by residential and commercial projects. Construction activity in Belgium and the Netherlands remained subdued in 2014, while in France the slowdown continued, driven by a drop in new construction and a lack of government spending. In comparison with other countries in the region, Germany's construction sector remained solid. Switzerland's construction market continued to be in sound shape despite a decline in construction permits, but the Italian market deteriorated further and more intensely than other sectors in the country. In Spain, the challenging situation of the past years began to ease as construction activity increased in 2014. Eastern Europe was waiting for a major rebound in demand for building materials. Azerbaijan's construction sector was fueled by government spending. Despite the macroeconomic challenges, Russia's construction sector grew.

Aggregate Industries UK benefited from demand for building materials in all its businesses. Aggregates volumes were up and the Holcim Group company's position in the London market and ongoing growth in commercial and residential real estate construction led to increase in ready-mix concrete volumes. Asphalt deliveries were up as well, driven largely by road maintenance and repair works.

Consolidated Key Figures

Europe	2014	2013	±%	±% LFL[(1)]
Production capacity cement in mt	46.8	47.7	-2.0	
Cement and grinding plants	34	35		
Aggregates plants	188	203		
Ready-mix concrete plants	373	414		
Asphalt plants	51	49		
Sales of cement in mt	26.4	26.7	-1.0	-1.0
Sales of mineral components in mt	2.3	2.1	+10.2	+10.2
Sales of aggregates in mt	73.1	74.1	-1.4	-1.0
Sales of ready-mix concrete in million m^3	11.9	12.3	-3.0	-2.5
Sales of asphalt in mt	5.6	4.9	+14.5	+15.3

Consolidated Key Figures

Europe	**2014**	**2013**	**±%**	**±% LFL[(1)]**
Net sales in CHF million	5,554	5,611	-1.0	+0.2
Operating EBITDA in CHF million	991	946	+4.8	+6.7
Operating EBITDA margin in %	17.8	16.9		
Operating profit in CHF million	510	436	+16.8	+16.1
Operating profit margin in %	9.2	7.8		
Personnel	15,399	15,868	-3.0	-2.6

Note:

(1) Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.

Holcim Belgium, which also serves the Netherlands, reported slightly higher cement volumes and lower deliveries of aggregates and ready-mix concrete as a result of the level of building activity. Following a good start into the year, Holcim France suffered from cement volume declines in the course of 2014, leading to lower deliveries for the full year. Aggregates and ready-mix concrete volumes were down as well as a result of the negative market environment.

Holcim Germany benefited from the mild winter, but growth of cement and aggregates volumes flattened out in the second half of 2014 as a result of the deteriorating economic climate. Fewer infrastructure projects led to lower cement volumes at Holcim South Germany. Aggregates and ready-mix concrete deliveries were down as well.

Holcim Switzerland was impacted by increased pressure through cement imports and stronger domestic competition which led to lower volumes in this segment. In aggregates and ready-mix concrete volumes were down as well. In Italy, volumes declined in all three segments as a result of the further worsening market development.

Holcim Spain recorded increases in cement volumes that were supported by exports, and domestic volumes also started to develop favorably. Following the footprint adjustment in the second quarter of 2014, aggregates and ready-mix concrete volumes decreased markedly.

Eastern Europe benefited from a strong start into the fiscal year, but most markets developed more slowly since then. In cement, all Holcim Group companies except Serbia, Croatia, and Hungary reported better volumes. Holcim Czech Republic increased aggregate volumes, thanks to a highway project. In ready-mix concrete, Holcim Romania recorded increases thanks to larger projects in the Bucharest area.

Holcim Azerbaijan was faced with increased competitive pressure by two new local cement producers and more imports from Iran. Subsequently, the Holcim Group company was unable to maintain the volumes of the previous year and sold less cement. In Russia, Holcim grew above the market average thanks to infrastructure investments.

In 2014, consolidated cement volumes in the Holcim Group region were down 1.0 per cent. to 26.4 mt mainly as a result of Azerbaijan and Italy. Aggregates shipments reached 73.1 mt, a decline of 1.4 per cent. Ready-mix concrete volumes were 3.0 per cent. lower to 11.9 million cubic meters but asphalt volumes increased 14.5 per cent. to 5.6 mt. Net sales in Europe decreased 1.0 per cent. to CHF5.55 billion.

In 2014 Holcim Trading posted a trading volume of 20.1 mt (2013: 18.5 mt). The growth can be attributed mostly to the larger share of non-Holcim Group customers. The larger customers are, as in the previous year, in the Philippines and the United Arab Emirates. The global trading patterns remained overall rather stable with approximately 40 per cent. sold to customers in Asia Pacific.

Operating profit in the Holcim Group region Europe increased by 16.8 per cent. to CHF510 million thanks to cost management and restructurings. Like-for-like operating profit growth was 16.1 per cent. The restructuring of certain of Holcim's operations in the Holcim Group region had an effect of CHF38 million.

Aggregate Industries UK increased operating profit on the back of demand across all its businesses and thanks to ongoing cost discipline. The financial performance in Belgium remained impacted by sluggish demand, and France also recorded declines. Holcim Germany increased operating profit, driven by volumes and higher prices, and Holcim South Germany posted better results. In Switzerland, operating profit was up, as cost management was able to overcompensate the negative market development. Italy recorded improved financial performance, and Spain was impacted by restructuring costs that led to lower operating profit. In the Eastern European Holcim Group companies, operating profit increased substantially with the exception of Serbia. Holcim Azerbaijan was impacted by lower volumes, and consequently financial performance was lower, while in Russia operating profit was up markedly.

In January 2015, the Holcim Group and Cemex successfully closed their series of transactions in Europe. Holcim acquired Cemex's operations in western Germany and the Netherlands while Cemex took over Holcim Czech Republic with all its subsidiaries in the country. In Spain, the two companies decided not to form a joint organization as initially planned and communicated. Instead, Cemex purchased Holcim's Gador cement plant and Yeles grinding station, while Holcim has kept its remaining operations. This change of parameters reflects the change in the strategic landscape following the announcement of the proposed merger of the Holcim Group with Lafarge. Hence the Holcim Group and Cemex will remain competitors in Spain and in the Czech Republic. As a result of the transactions, Cemex paid the Holcim Group EUR45 million in cash. Holcim expects sustainable additional operating EBITDA of at least EUR10 million on a yearly basis.

Outlook for 2015

The Holcim Group expects the overall European construction market to stabilize at low levels. At one end of the spectrum, the United Kingdom should witness a continuation of the recovery of key sectors such as private housing and commercial real estate as well as of large infrastructure projects. At the other end of the spectrum, Russia and Azerbaijan are expected to feel the negative impact of lower public and private investment in buildings and infrastructure. Performance of the region is expected to improve as a result of the numerous restructuring, footprint-adjustment, and efficiency-improvement initiatives across the Holcim Group region.

5.3.4 North America

As at December 31, 2014, the Holcim Group operated 17 cement and grinding plants in North America (United States and Canada) with a combined annual cement production capacity of 21.9 mt, or 10.4 per cent. of total consolidated Holcim Group annual cement production capacity.

Following a slow-paced recovery in 2013, the United States' economy rebounded in the course of 2014. A decline in private debt, improved corporate liquidity, and improved unemployment data contributed to the development. With the resolution of the debt-ceiling crisis, uncertainty was lower than in the previous year.

Canada's economy recorded growth, fueled by the commercial sector rather than residential construction as in previous years. Supported by the development in the United States, Canada benefited from increased exports, which led to higher commercial investment. Public investment also increased.

Following a slow start into the year 2014, influenced by the harsh winter and delayed construction in many markets, building activity in the United States was more dynamic and broad-based. While residential projects remained a driver albeit a less intense one for demand in building materials, the commercial sector supported the recovery more than in 2013. Public investment continued to be on a low level, reflecting tighter government spending.

Consolidated Key Figures

North America	2014	2013	±%	±% LFL[1]
Production capacity cement in mt	21.9	22.0	-0.1	
Cement and grinding plants	17	17		
Aggregates plants	86	116		
Asphalt plants	148	221		
Ready-mix concrete plants	33	42		
Sales of cement in mt	13.0	11.7	+11.4	+11.4
Sales of mineral components in mt	1.4	1.3	+6.5	+6.5
Sales of aggregates in mt	45.7	42.8	+6.8	+7.7
Sales of ready-mix concrete in million m^3	7.2	7.5	-4.1	+2.2
Sales of asphalt in million t	4.5	4.1	+9.9	+9.9
Net sales in CHF million	3,336	3,171	+5.2	+10.7
Operating EBITDA in CHF million	600	494	+21.5	+26.0
Operating EBITDA margin in %	18.0	15.6		
Operating profit in CHF million	314	199	+58.3	+65.1
Operating profit margin in %	9.4	6.3		
Personnel	6,777	6,791	-0.2	+1.4

Note:

(1) Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.

2014 was another challenging year for Canada’s construction industry. The housing market remained under pressure, and housing starts were below levels of 2013. However, the non-residential sector showed momentum, mainly driven by investment in healthcare and education, natural resources projects, transit system improvements, and power generation projects.

At Holcim US, cement volumes increased over the course of the year, fueled by the overall recovery in cement consumption and some market share gain. The Holcim Group company benefited from a new supply contract in Illinois. The Northern Central region recorded high demand, and July was a strong month for the Holcim Group company, with the highest monthly sales since 2008.

Aggregate Industries US benefited from the dynamic US economy and reported growth in aggregates volumes across most of its regions. Increases were strongest in the West Central and the Twin Cities areas. Ready-mix concrete volumes were impacted by the sale of certain operations. Twin Cities and Lattimore reported higher deliveries, which were tempered by reductions in other regions. Robust increases in asphalt volumes were driven by increased construction activity in major regions, assisted by several large paving projects.

In a competitive market environment, Holcim Canada sold more cement thanks to higher demand in Western Canada which was partially offset by lower volumes in the Quebec and Atlantic regions. Shipments of aggregates increased, mainly attributable to higher crushed stone demand in Ontario. Holcim Canada also sold more ready-mix concrete and asphalt.

Consolidated cement volumes in the Holcim Group region North America were up 11.4 per cent. to 13.0 mt year-on-year mainly thanks to Holcim US. Aggregates shipments reached 45.7 mt, an increase of 6.8 per cent., as both the United States and Canada reported higher volumes. Ready-mix concrete volumes decreased 4.1 per cent. to 7.2 million cubic meters and asphalt volumes increased 9.9 per cent. to 4.5 mt. Net sales in North America were up 5.2 per cent. to CHF3.34 billion.

Operating profit in North America grew by 58.3 per cent. to CHF314 million based on the performance of both US Holcim Group companies. Like-for-like operating profit growth reached 65.1 per cent.

Holcim US reported improved operating profit, reflecting higher volumes and implementation of price increases. The measures taken during the downturn place Holcim US in a position to benefit from the recovery in the United States. Aggregate Industries US increased operating profit thanks to both better prices across all segments and lines and higher sales volumes in aggregates and asphalt. Canada however had to record lower operating profit than 2013.

Outlook for 2015

In the United States, the housing recovery is expected to continue and many state and local governments will be in a better financial position than in the past. Both commercial real estate investment and public construction are expected to make positive contributions in 2015. At Holcim US, performance is expected to continue to increase in 2015, driven by higher sales volumes combined with price increases and operational efficiencies. Aggregate Industries US should see price growth across all product lines. The Canadian economy is expected to suffer from the muted prospects of resource-based provincial economies, but development in Ontario and Quebec should be favorable. Cement demand is expected to reflect this situation with higher volumes in Ontario, while pressure remains in other provinces.

5.3.5 Africa Middle East

The Holcim Group has cement and clinker operations with, as at December 31, 2014, a total of 12 cement and grinding plants with a combined cement production capacity of 11.0 mtpa, representing 5.2 per cent. of total Holcim Group annual cement production capacity. The principal companies of the Holcim Group are located in Morocco, Guinea, Ivory Coast, Lebanon and La Réunion, with principal associated companies in Egypt and Nigeria.

Economic development in the Holcim Group region Africa Middle East was heterogeneous and political tensions and uncertainty impacted a number of the Holcim Group markets in 2014. Growth was modest in countries such as Morocco and Lebanon, whereas the Ivory Coast and Madagascar were among the faster growing economies.

Consolidated Key Figures

Africa Middle East	**2014**	**2013**	**±%**	**±% LFL**[(1)]
Production capacity cement in mt	11.0	11.0	-0.5	
Cement and grinding plants	12	12		
Aggregates plants	5	5		
Ready-mix concrete plants	15	17		
Sales of cement in mt	8.3	7.9	+5.4	+6.2
Sales of aggregates in mt	2.0	2.2	-8.7	-8.7
Sales of ready-mix concrete in million m^3	0.7	0.8	-15.0	-15.0
Net sales in CHF million	861	884	-2.6	+0.8
Operating EBITDA in CHF million	276	283	-2.4	+1.2
Operating EBITDA margin in %	32.1	32.0		
Operating profit in CHF million	220	216	+1.6	+5.8
Operating profit margin in %	25.5	24.5		
Personnel	1,928	2,128	-9.4	-9.4

Note:

(1) Like-for-like, i.e. factoring out changes in the scope of consolidation and currency translation effects.

Holcim Morocco reported higher cement volumes. While domestic demand was lower, the Holcim Group company benefited from clinker exports to the Ivory Coast. Less dynamic activity in residential construction, which represents the majority of the local market, was the main driver behind the domestic development. Aggregates and ready-mix concrete volumes decreased. Holcim Lebanon held cement sales, but lost on ready-mix concrete volumes. In the Indian Ocean region, Holcim sold more aggregates and ready-mix concrete, mainly thanks to the Holcim Group's operations in La Réunion, where Holcim is involved in a major road-building project. Cement volumes at Holcim's grinding operations in West Africa and the Gulf region were on par with last year. Development in the Ivory Coast remained as demand for building materials continued to be high.

Consolidated cement volumes in Africa Middle East increased 5.4 per cent. to 8.3 mt. Aggregates shipments were down 8.7 per cent. to 2.0 mt while ready-mix concrete volumes reached 0.7 million cubic meters, a decline of 15.0 per cent. Net sales stood at CHF861 million, 2.6 per cent. lower year-on-year.

In Africa Middle East operating profit increased by 1.6 per cent. to CHF220 million in 2014. Like-for-like operating profit growth was 5.8 per cent. While Holcim Lebanon reported lower financial performance most other Holcim Group companies in the region increased operating profit. Morocco was the biggest contributor to the overall increase as the Holcim Group company was able to mitigate lower domestic volumes with better prices.

Outlook for 2015

The development in Africa Middle East is expected to remain heterogeneous with Morocco as the region's most important market, being confronted with an ongoing challenging situation. Progress in Lebanon will to some extent depend on the situation in Syria, while West Africa and Indian Ocean are expected to see growth in building materials demand.

6 Organisational Structure

Holcim Ltd is a Swiss-based company with global presence. Holcim Ltd is incorporated and headquartered in Jona, Switzerland, holds interests in more than 70 countries worldwide and employs 67,584 people as at December 31, 2014. Holcim Ltd is the holding company of the Holcim Group.

The following is a list of the principal subsidiaries of the Holcim Group as at December 31, 2014.

Principal companies of the Holcim Group

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Asia Pacific	ACC Limited	India	INR	1,879,518	50.3%
	Ambuja Cements Ltd.	India	INR	3,099,492	50.4%
	Holcim (Lanka) Ltd	Sri Lanka	LKR	2,858,021	98.9%
	Holcim Cements (Bangladesh) Ltd.	Bangladesh	BDT	8,824	74.2%
	Holcim (Malaysia) Sdn Bhd	Malaysia	MYR	10,450	100.0%
	Holcim (Singapore) Ltd	Singapore	SGD	44,322	90.8%
	PT Holcim Indonesia Tbk.	Indonesia	IDR	3,645,034,000	80.6%
	Holcim (Vietnam) Ltd	Vietnam	USD	189,400	65.0%
	Holcim Philippines Inc.	Philippines	PHP	6,452,099	85.8%
	Cement Australia Holdings Pty Ltd[1]	Australia	AUD	390,740	50.0%
	Holcim (Australia) Holdings Pty Ltd	Australia	AUD	1,413,929	100.0%
	Holcim (New Zealand) Ltd	New Zealand	NZD	22,004	100.0%
Latin America	Holcim Mexico S.A. de C.V.	Mexico	MXN	10,513,086	100.0%
	Holcim El Salvador S.A. de C.V.	El Salvador	USD	78,178	95.2%
	Holcim (Costa Rica) S.A.	Costa Rica	CRC	8,577,371	60.0%
	Holcim (Nicaragua) S.A.	Nicaragua	NIO	19,469	80.0%
	Holcim (Colombia) S.A.	Colombia	COP	72,536,776	99.8%
	Holcim (Ecuador) S.A.	Ecuador	USD	102,405	92.2%
	Holcim (Brasil) S.A.	Brazil	BRL	455,259	99.9%
	Holcim (Argentina) S.A.	Argentina	ARS	352,057	79.6%
	Cemento Polpaico S.A.	Chile	CLP	7,675,262	54.3%
Europe	Holcim (France) S.A.S.	France	EUR	96,971	100.0%
	Holcim (Belgique) S.A.	Belgium	EUR	750,767	100.0%
	Holcim (España) S.A.	Spain	EUR	177,772	99.9%
	Holcim Trading S.A.	Spain	EUR	19,600	100.0%
	Aggregate Industries Ltd	United Kingdom	GBP	0	100.0%
	Holcim (Deutschland) AG	Germany	EUR	47,064	100.0%
	Holcim (Süddeutschland) GmbH	Germany	EUR	6,450	100.0%
	Holcim (Schweiz) AG	Switzerland	CHF	71,100	100.0%
	Holcim Group Services Ltd	Switzerland	CHF	1,000	100.0%
	Holcim Technology Ltd	Switzerland	CHF	10,000	100.0%
	Holcim Gruppo (Italia) S.p.A.	Italy	EUR	115,103	100.0%
	Holcim (Česko) a.s.	Czech Republic	CZK	486,297	100.0%

[1] Joint operation, proportionate consolidation

Principal companies of the Holcim Group

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
	Holcim (Slovensko) a.s.	Slovakia	EUR	283,319	99.7%
	Holcim Magyarország Kft.	Hungary	HUF	600,000	99.9%
	Holcim (Hrvatska) d.o.o.	Croatia	HRK	243,852	99.9%
	Holcim (Serbia) d.o.o.	Serbia	RSD	493,837	100.0%
	Holcim (Romania) S.A.	Romania	RON	274,243	99.7%
	Holcim (Bulgaria) AD	Bulgaria	BGN	1,093	100.0%
	Holcim (Rus) OAO	Russia	RUB	8,147	100.0%
	Holcim (Azerbaijan) O.J.S.C.	Azerbaijan	AZN	31,813	70.2%
North America	Holcim (US) Inc.	USA	USD	0	100.0%
	Aggregate Industries Management Inc.	USA	USD	121	100.0%
	Holcim (Canada) Inc.	Canada	CAD	91,201	100.0%
Africa Middle East	Holcim (Maroc) S.A.	Morocco	MAD	494,626	61.0%
	Ciments de Guinée S.A.	Guinea	GNF	46,393,000	59.9%
	Société de Ciments et Matériaux	Ivory Coast	XOF	912,940	99.9%
	Holcim (Liban) S.A.L.	Lebanon	LBP	195,160,400	52.1%
	Holcim (Outre-Mer) S.A.S.	La Réunion	EUR	37,748	100.0%

Listed Group companies

Region	Company	Domicile	Place of listing	Market capitalization at December 31, 2014 in local currency		Security code number
Asia Pacific	ACC Limited	Mumbai	Mumbai	INR	262,731 million	INE012A01025
	Ambuja Cements Ltd.	Mumbai	Mumbai	INR	354,659 million	INE079A01024
	PT Holcim Indonesia Tbk.	Jakarta	Jakarta	IDR	16,743,437 million	ID1000072309
	Holcim Philippines Inc.	Manila	Manila	PHP	96,652 million	PHY3232G1014
Latin America..................	Holcim (Costa Rica) S.A.	San José	San José	CRC	183,985 million	CRINC00A0010
	Holcim (Ecuador) S.A.	Guayaquil	Quito, Guayaquil	USD	1,536 million	ECP516721068
	Holcim (Argentina) S.A.	Buenos Aires	Buenos Aires	ARS	1,901 million	ARP6806N1051
	Cemento Polpaico S.A.	Santiago	Santiago	CLP	98,311 million	CLP2216J1070
Africa Middle East	Holcim (Maroc) S.A.	Rabat	Casablanca	MAD	9,418 million	MA0000010332
	Holcim (Liban) S.A.L.	Beirut	Beirut	USD	298 million	LB0000012833

Principal finance and holding companies

Company	Place	Nominal share capital in 000		Participation (voting right)
Holcim Ltd	Switzerland	CHF	654,173	100.0%
Aggregate Industries Holdings Limited	United Kingdom	GBP	339,563	100.0%
Holcibel S.A.	Belgium	EUR	1,366,000	100.0%
Holchin B.V.	Netherlands	EUR	20	100.0%
Holcim Auslandbeteiligungs GmbH (Deutschland)	Germany	EUR	2,557	100.0%
Holcim Beteiligungs GmbH (Deutschland)	Germany	EUR	102,000	100.0%
Holcim Capital Corporation Ltd.	Bermuda	USD	2,630	100.0%
Holcim Capital México, S.A. de C.V.	Mexico	MXN	20,050	100.0%
Holcim Capital (Thailand) Ltd.	Thailand	THB	1,100	100.0%
Holcim European Finance Ltd.	Bermuda	EUR	25	100.0%
Holcim Finance (Australia) Pty Ltd	Australia	AUD	0	100.0%
Holcim Finance (Belgium) S.A.	Belgium	EUR	62	100.0%
Holcim Finance (Canada) Inc.	Canada	CAD	0	100.0%
Holcim Finance (Luxembourg) S.A.	Luxembourg	EUR	1,900	100.0%
Holcim GB Finance Ltd.	Bermuda	GBP	8	100.0%
Holcim (India) Private Limited	India	INR	56,903,850	100.0%
Holcim Investments (France) SAS	France	EUR	15,552	100.0%
Holcim Investments (Spain) S.L.	Spain	EUR	173,834	100.0%
Holcim Overseas Finance Ltd.	Bermuda	CHF	16	100.0%
Holcim Participations (UK) Limited	United Kingdom	GBP	690,000	100.0%
Holcim Participations (US) Inc.	USA	USD	67	100.0%
Holcim US Finance S.à r.l. & Cie S.C.S.	Luxembourg	USD	20	100.0%
Holderfin B.V.	Netherlands	EUR	3,772	100.0%
Holderind Investments Ltd.	Mauritius	USD	130,000	100.0%
Vennor Investments Pty Ltd	Australia	AUD	30,115	100.0%

Principal joint ventures and associated companies

Region	Company	Country of incorporation or residence	Participation (voting right)
Asia Pacific	Huaxin Cement Co. Ltd.	China	41.9%
	Siam City Cement Public Company Limited[1]	Thailand	27.5%
Africa Middle East	Lafarge Cement Egypt S.A.E.	Egypt	43.7%
	United Cement Company of Nigeria Ltd	Nigeria	35.0%

Note:

(1) Joint venture

7 Property, Plants and Equipment

Please refer to Sections 4.2, 8.4.9 and 9.1.2 of Part II.

8 Operating and Financial Review

8.1 2014 Overview

In 2014, the uneven global recovery continued. Among the advanced economies, the United States and the United Kingdom regained speed, however, some European countries still had to address the legacies of the financial crisis, ranging from debt overhang to high levels of unemployment. In emerging economies, the growth was below the expected levels. The Indian economy experienced a rebound after the elections. The economy in a number of Latin American countries remained in a low gear. Political tensions and uncertainties took their toll in Russia as well as in certain economies in Africa Middle East. As a consequence, the demand for building materials was below prior-year levels in some Holcim Group markets.

The Holcim Group took advantage of opportunities and reduced costs further after the restructuring measures undertaken in the previous years. The clear focus toward customer excellence proved successful. A like-for-like operating profit and margin growth could be achieved thanks to price increases and cost optimizations, largely supported by the Holcim Leadership Journey.

The Holcim Leadership Journey launched in 2012 realized a total benefit of CHF1.8 billion, exceeding its operating profit objective by CHF348 million. The Holcim Group had set itself the target of contributing CHF1.5 billion to the operating profit by the end of 2014, compared to the base year 2011 and under similar market conditions. In 2014, the contribution of the Holcim Leadership Journey to the Holcim Group’s operating profit amounted to CHF748 million.

The Holcim Group also succeeded in improving its net income. However, the continued uncertainty in the economic situation was reflected in the currency market; the Swiss franc appreciated against a number of currencies in 2014, mainly the Indian Rupee, the Indonesian Rupee, the Canadian dollar along with a number of Latin American currencies. Overall, this led to a significant negative impact on the results reported in Swiss Francs.

In 2014, the Holcim Group achieved an operating EBITDA of CHF3,747 million, showing like-for-like growth of CHF77 million or 2.0 per cent. The currency translation effect and the change in Group structure affected the operating EBITDA by -5.4 per cent. and -0.4 per cent. respectively. Adjusted for restructuring costs of CHF61 million and merger costs of CHF77 million, the operating EBITDA increased by CHF215 million or 5.5 per cent. on a like-for-like basis. The Holcim Group’s operating EBITDA margin decreased by 0.1 percentage point to 19.6 per cent. On a like-for-like basis, the margin dropped by 0.2 percentage point. Adjusted for restructuring and merger costs, the like-for-like operating EBITDA margin increased by 0.5 percentage point.

The Holcim Group generated an operating profit of CHF2,317 million, which was up CHF100 million or 4.2 per cent. on a like-for-like basis. The currency translation effect impacted the operating profit growth by -6.2 per cent. while the positive change in structure effects contributed 0.3 per cent. to operating profit. Adjusted for restructuring costs of CHF72 million and merger costs of CHF77 million, the operating profit grew by CHF249 million or 10.6 per cent. on a like-for-like basis. The Holcim Group’s operating profit margin increased by 0.2 percentage point to 12.1 per cent. On a like-for-like basis, the margin increased by 0.1 percentage point. Adjusted for restructuring and merger costs, the like-for-like operating profit margin increased by 0.9 percentage point.

Net income increased by CHF23 million to CHF1,619 million. The net income attributable to Holcim shareholders grew by CHF15 million to CHF1,287 million.

Cash flow from operating activities dropped by CHF288 million or 10.3 per cent. The currency translation had a substantial negative effect of CHF103 million or 3.7 per cent. on the cash flow from operating activities, while changes in consolidation structure affected the cash flow by -0.2 per cent. On a like-for-like basis, cash flow from operating activities decreased by CHF179 million or 6.4 per cent.

Net financial debt increased by CHF183 million to CHF9,644 million. The impact from the currency translation effect of CHF250 million or 2.6 per cent. and the changes in consolidation structure of CHF45 million explained this growth. Adjusted for these effects, net financial debt decreased by CHF113 million or 1.2 per cent. on a like-for-like basis.

8.2 Trends and Factors Affecting Results of Operations

Traditionally, the manufacture and sale of cement, aggregates and other construction materials and services has been a local business operated by local companies, principally due to the high transportation costs of the products compared to selling prices. These local production companies are relatively dependent on the local economy, particularly the local construction industry, and have limited ability to respond to changes in the economic and competitive environment.

The Holcim Group's substantial resources and geographical diversification of a global producer give it considerable flexibility in responding to and managing local market developments. The following factors are important contributors to the results of a global producer of building materials such as the Holcim Group:

8.2.1 The Cyclicality of the Construction Market

The construction industry is cyclical and demand for building materials and services is affected by a number of macro-economic factors such as GDP, demographic trends, interest rates, employment and governmental development policies. The prime drivers of demand are different in developed and emerging markets.

In most mature economies, population growth tends to be nearly flat whereas GDP, public infrastructure spending and interest rates are the prime drivers of the construction cycles. Commercial and infrastructure projects dominate. The construction industry is highly developed and efficient and thus, the share of bulk cement, aggregates and other construction materials and services is high. Additionally, due to environmental restrictions, obtaining appropriate permission is becoming difficult as scarcity characterizes the market condition of aggregates.

In emerging markets, population and GDP growth are the main drivers of the growth trend in building materials demand. Bag sales by a large number of distributors thus dominate the cement market. The attractiveness of aggregates and downstream activities is rising in big cities as professionalism in construction grows and demand for ready-mix concrete increases.

8.2.2 Geographic Diversification

Many of the factors described above, including the state of the construction industry and of competition, are local phenomena that can vary widely from region to region at any given time. The Holcim Group's ability to achieve a consistent level of results on a Holcim Group level relies to a great extent on its geographic diversification. In 2014, 35.3 per cent. of the Holcim Group's total net sales (including intra-Group sales) were provided by its operations in Asia Pacific (compared to 35.9 per cent. in the same period of 2013), 28.1 per cent. by Europe (compared to 27.6 per cent. in the same period of 2013), 16.9 per cent. by North America (compared to 15.6 per cent. in the same period of 2013), 15.3 per cent. by Latin America (compared to 16.5 per cent. in the same period of 2013) and 4.4 per cent. by the Africa Middle East region (compared to 4.4 per cent. in the same period of 2013).

8.2.3 Seasonality

Demand for cement, aggregates and other construction materials and services is seasonal because weather conditions affect the level of activity in the construction sector. Companies in the construction sector, including the Holcim Group, typically experience a decrease in sales in the first and fourth quarter reflecting the effect of the winter season in the European and North American markets and an increase in sales in the second and third quarter reflecting the effect of the summer season. These seasonal fluctuations can have a material effect on the Holcim Group's business, results of operations and financial condition, especially during harsh winters.

8.2.4 Ability to React Quickly to Changes in Market Conditions

The construction industry, and thus the demand for cement and aggregates and other construction materials and services, is volatile in many parts of the world. Emerging markets tend, in general, to be more volatile than mature markets and volatility can lead to fluctuations in capacity utilization. During the Asian economic crisis in the 1990s, for example, many markets in that area saw demand for cement decline for five consecutive years. The results of cement manufacturers thus depend in part on their ability to react swiftly and effectively to these changes in market conditions. During periods of downturn, this may require closing or "moth-balling" (temporary closure) under-utilized facilities or, alternatively, replacing that production with imported cement or clinker. On the other hand, there may often be export opportunities. The Holcim Group believes that its geographically widespread operations provide a network to balance supply and demand globally through the Holcim Group's trading service organization, particularly in emerging markets. The Holcim Group also believes that its wide network of import silos and clinker grinding plants in permanent structural import markets enable it to manage changes in demand for cement. The Holcim Group therefore believes that it is well positioned to react swiftly to changes in market conditions.

8.2.5 Costs of Energy, Raw Materials and Transportation

The principal elements of production costs are material expenses, fuel expenses, electricity expenses, personnel expenses, depreciation, amortization and impairment and other production expenses. The Holcim Group's results of operations are therefore significantly affected by movements in the prices of raw materials, fuel and electricity. Cement production requires a high level of energy consumption, especially for the kilning and grinding process in cement manufacture. Consequently, for many years, the Holcim Group has been mitigating the trend of rising energy costs by partly substituting thermal energy with alternative fuels and by reducing the clinker content in the final product cement. Depending on pricing pressures in a particular market, suppliers of building materials and services may not always be able to pass on fluctuations in fuel costs to their customers.

Transportation of finished cement, clinker or aggregates can likewise be expensive and an increase in energy prices typically also results in an increase in transportation costs. This has historically led cement producers to focus on markets within a radius of approximately 100km to 200km for road transportation of their production facilities and approximately 700km for rail transportation. The transportation radius of aggregates suppliers is well below 100km. Facilities located close to active ports, however, can ship their products over a wider geographic area, which allows them to service a larger market and to help meet the demands of changing market conditions in other regions.

Over the past years, the energy costs required to produce one tonne of cement have remained, in absolute terms, constant at Holcim Group level mainly due to the strengthening of the CHF. Holcim's energy prices are subject to much less, and sometimes delayed, volatility as compared to market prices for the following reasons: 60 per cent. of the fuel consumed in cement production is coal, of which about half is traded on the international market. The remaining portion is bought locally by Holcim Group companies and is less volatile. Moreover, in some countries the government directly influences the price of coal. In addition, fuel stocks result in time lags. Thus, changes in market prices do not immediately impact the expenses recorded by the Holcim Group in the statement of income.

8.2.6 Currency Exchange Rates

The Holcim Group reports its financial results in Swiss Francs. Given Holcim Group's international operations, it generates a predominant part of its results in currencies other than the CHF, and is therefore exposed to currency translation effects, primarily from the INR, USD, EUR, GBP and AUD. In 2014, 16.6 per cent., 13.7 per cent., 11.1 per cent., 10.0 per cent. and 8.5 per cent. of net sales were reported in INR, USD, EUR, GBP and AUD, respectively. The translation of local balance sheets and statements of income into Holcim Group's reporting currency leads to currency translation effects. Statements of income and cash flow in foreign currencies are translated at the average exchange rate for the year, whereas statements of financial position are translated at year-end exchange rates.

In 2014, the negative effect of exchange rates on net sales amounted to CHF1,030 million, compared to a negative effect of CHF798 million in 2013. The negative effect of exchange rates on operating profit amounted to CHF147 million in 2014, compared to a negative effect of CHF112 million in 2013. Finally, the negative effect of exchange rates on cash flow from operating activities amounted to CHF103 million in 2014, compared to a negative effect of CHF107 million in 2013.

The following table shows the impact of these currency fluctuations on the key items of the consolidated statement of income and on cash flow from operating activities the years ended December 31, 2014 and 2013:

	2014	**2013**
Net sales	(1,030)	(798)
Operating profit	(147)	(112)
Cash flow from operating activities	(103)	(107)

In 2014, currency movements resulted in a CHF551 million increase in total shareholders' equity. In 2013, currency movements resulted in decreases of CHF1,281 million in total shareholders' equity

As the Holcim Group produces a very high proportion of building materials locally, most costs are also incurred in local currencies, which helps mitigate the impact of foreign exchange movements on the Holcim Group. The effects of foreign exchange movements are therefore largely restricted to the translation of local financial statements into CHF.

8.2.7 Ability to Achieve High Productivity

The ability to achieve high production utilization, particularly in cement manufacture and low production cost are principally functions of the age of the equipment. Newer equipment is typically larger in size and designed to recycle heat from the kiln process, thus helping to realize economies of scale, reduce energy costs and increase manufacturing productivity. Achieving maximum production levels at any given site also requires that the technology and equipment chosen for that site are properly matched with the site's production and demand requirements. Furthermore, proximity to and quality of the raw material resources as well as access to energy with high calorific content are essential. The Holcim Group believes that a global supplier of building materials and services such as itself operates at an advantage over local producers, as it has the resources to upgrade production facilities as required at any given site in order to maximize production levels and to take advantage of a Group-wide exchange of best practices.

8.2.8 Key Trends in Industry Structure

The global building materials industry is a cyclical industry but with a long-term growth trend. Consolidation, expansion and globalization, led by the global cement producers, have been the key themes in the industry over the past few years (with significant expansion into Latin America and Eastern Europe in the 1990s and more recently into Asia). Although the major companies are diversified globally, many operate strongly on a regional basis.

In almost all mature markets and to a lesser extent in emerging markets, the integration into ready-mix concrete, and the supply of related aggregates are particularly significant factors. Because cement is a primary component of the production of concrete, the integration of the concrete and cement businesses promotes cement sales and reduces volatility. Although regional and national markets can be volatile, the Holcim Group believes that its strategy of geographic diversification has allowed, and will continue to allow, the Holcim Group to benefit from positive trends in certain regions, partly offsetting negative trends in other regions and so, reduce overall volatility.

8.3 Factors Affecting the Comparability of Results of Operations

On March 14, 2013, the Group announced that HeidelbergCement, a competitor of the Holcim Group, and the Holcim Group would balance their respective interests in Cement Australia and operate the company as a joint venture. Effective March 28, 2013, the Group sold 25 per cent. of the share capital of Cement Australia to HeidelbergCement resulting in each party holding 50 per cent. stake in Cement Australia post completion. Cement Australia is proportionately consolidated by the Holcim Group as of March 31, 2013.

On June 27, 2013, Holcim (Outre-Mer) S.A.S. sold its shareholding of 74.1 per cent. in Holcim Nouvelle Calédonie S.A. to Tokuyama Corporation of Japan. Holcim Nouvelle Calédonie S.A. runs a grinding plant with an annual capacity of 200,000 tonnes of cement. After the acquisition the name of the company was changed to 'Tokuyama Nouvelle Calédonie S.A'.

8.4 Accounting Policies

8.4.1 Basis of Preparation

The consolidated financial statements of the Holcim Group have been prepared in accordance with International Financial Reporting Standards (IFRS). Due to rounding, numbers presented may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

8.4.2 Adoption of Revised and New International Financial Reporting Standards and Interpretations

In 2014, the Group Holcim adopted no new or revised standards or interpretations relevant to the Holcim Group.

8.4.3 Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates.

8.4.4 Critical Estimates and Assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Holcim Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate primarily to goodwill, and to a lesser extent, defined benefit obligations, deferred tax assets, site restoration and other long-term provisions, depreciation of property, plant and equipment and the disclosure of contingent liabilities at the end of the reporting period. The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The Holcim Group tests annually whether goodwill has suffered any impairment in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

8.4.5 Scope of Consolidation

The consolidated financial statements comprise those of Holcim Ltd and of its subsidiaries, including interests in joint operations. The list of principal companies is presented in Section 6 of Part II.

8.4.6 Principles of Consolidation

Subsidiaries, which are those entities in which the Holcim Group has an interest of more than one half of the voting rights or otherwise is able to exercise control over the operations, are consolidated. The Holcim Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given at the date of exchange. For each business combination, the Holcim Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the statement of income. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. When the Holcim Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. If the business combination is achieved in stages, the carrying amount of the Holcim Group's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Holcim Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in profit or loss. Subsidiaries are consolidated from the date on which control is transferred to the Holcim Group and are no longer consolidated from the date that control ceases all intercompany transactions and balances between Holcim Group companies are eliminated in full. Changes in the ownership interest of a subsidiary that do not result in loss of control are accounted for as an equity transaction. Consequently, if Holcim Group acquires or partially disposes of a non-controlling interest in a subsidiary, without losing control, any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in retained earnings. It is common practice for the Holcim Group to write put options and acquire call options in connection with the remaining shares held by the non-controlling shareholders mainly as part of a business combination. If the Holcim Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the non-controlling interest recognized as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent fair value changes of the financial liability are recognized in profit or loss and no earnings are attributed to the non-controlling interest. However, where the Holcim Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent fair value changes of the financial liability are recognized directly in retained earnings. Interests in joint arrangements are interests over which the Holcim Group exercises joint control and are classified as either joint operations or joint ventures depending on the contractual rights and obligations arising from the agreement rather than the legal structure of the joint arrangement. If the interest is classified as a joint operation, the Holcim Group recognizes its share of the assets, liabilities, revenues and expenses in the joint operation in accordance with the relevant IFRSs. All transactions and balances between the Holcim Group and the joint operation are eliminated to the extent of the Holcim Group's interest in the joint operation. When such transactions provide evidence of a reduction in the net realizable value of the assets to be sold or contributed to the joint operation, or of an impairment loss of those assets, those losses are fully recognized. Associates are companies in which the Holcim Group generally holds between 20 and 50 per cent. of the voting rights and over which the Holcim Group has significant influence but does not exercise control. Investments in associated companies and joint ventures are accounted for using the equity method of accounting. Goodwill arising from the acquisition is included in the carrying amount of the investment in associated companies and joint ventures. Equity accounting is discontinued when the carrying amount of the investment together with any long-term interest in an associated company or joint venture reaches zero, unless the Holcim Group has also either incurred or guaranteed additional obligations in respect of the associated company or joint venture.

8.4.7 Foreign Currency Translation

The assets and liabilities of each of the Holcim Group's companies are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). Statements of income of foreign entities are translated into the Holcim Group's reporting currency at average exchange rates for the year and statements of financial position are translated at the exchange rates prevailing on December 31. Goodwill arising from the acquisition of a foreign operation is expressed in the functional currency of the foreign operation and is translated at the closing rate. Foreign currency transactions translated into the functional currency are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except when deferred outside the statement of income as qualifying cash flow hedges or net investment hedges. Exchange differences arising on monetary items that form part of a company's net investment in a foreign operation are reclassified to equity (currency translation adjustment) in the consolidated financial statements and are fully reclassified to the statement of income should the Holcim Group lose control of a subsidiary, lose joint control over an interest in a joint arrangement or lose significant influence in an associate. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the net gain or loss on sale, except for a partial disposal of a subsidiary without loss of control.

8.4.8 Segment Information

For management purposes, the Holcim Group is organized by geographical areas and has five reportable segments based on the location of assets as follows: Asia Pacific, Latin America, Europe, North America and Africa Middle East.

Each of the above reportable segments derives its revenues from the sale of cement, aggregates and other construction materials and services. The Holcim Group has three product lines cement (which comprises clinker, cement and other cementitious materials), aggregates and other construction materials and services, which comprises ready-mix concrete, concrete products, asphalt, construction and paving, trading and other products and services.

The Holcim Group financing (including financing costs and financing income) and income taxes are managed on a Holcim Group basis and are not allocated to any reportable segments. Transfer prices between segments are set on an arms-length basis in a manner similar to transactions with third parties. Segment revenue and segment result include transfers between segments. Those transfers are eliminated on consolidation.

8.4.9 Cash and Cash Equivalents

Cash and cash equivalents are financial assets. Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term, highly liquid investments, net of bank overdrafts.

8.4.10 Accounts Receivable

Trade accounts receivable are carried at the original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts of the financial asset at the year end.

8.4.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials and additives, direct labor, other direct costs and related production overheads. Cost of inventories includes transfers from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

8.4.12 Long-Term Financial Assets

Long-term financial assets consist of (a) financial investments – third parties, (b) long-term receivables – associates and joint ventures, (c) long-term receivables – third parties, and (d) derivative assets. Financial investments in third parties are classified as available-for-sale and long-term receivables from associates, joint ventures and third parties are classified as loans and receivables. Derivative assets are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 Financial Instruments: Recognition and Measurement, in which case they will be classified as held for trading. All purchases and sales of long-term financial assets are recognized on trade date, which is the date that the Holcim Group commits to purchase or sell the asset. The purchase cost includes transaction costs, except for derivative instruments. Loans and receivables are measured at amortized cost using the effective interest method. Available-for-sale investments are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are included in other comprehensive earnings until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in other comprehensive earnings is reclassified from equity to the statement of income.

8.4.13 Property, Plant and Equipment

Property, plant and equipment is valued at acquisition or construction cost less depreciation and impairment loss. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Land	No depreciation except on land with raw material reserves
Buildings and installations	20 to 40 years
Machinery	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Holcim Group in future periods and the cost of the item can be measured reliably. Costs include the initial estimate of the costs for dismantling and removing the item and for restoring the site on which it is located. All other repairs and maintenance expenses are charged to the statement of income during the period in which they are incurred. Mineral reserves, which are included in the class "land" of property, plant and equipment, are valued at cost and are depreciated based on the unit-of-production method over their estimated commercial lives. Costs incurred to gain access to mineral reserves are capitalized and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves. Interest costs on borrowings to finance construction projects, which necessarily take a substantial period of time to get ready for their intended use, are capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Government grants received are deducted from property, plant and equipment and reduce the depreciation charge accordingly. Leases of property, plant and equipment where the Holcim Group has substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is capitalized at the date of the commencement of the lease term at the present value of the minimum future lease payments or, if lower, at an amount equal to the fair value of the leased asset as determined at the inception of the lease. The corresponding lease obligations, excluding finance charges, are included in either current or long-term financial liabilities. For sale-and-lease-back transactions, the book value of the related property, plant or equipment remains unchanged. Proceeds from a sale are included as a financing liability and the financing costs are allocated over the term of the lease in such a manner that the costs are reported over the relevant periods.

8.4.14 Non-Current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

8.4.15 Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries and interests in joint operations is included in intangible assets. Such goodwill is tested annually for impairment or whenever there are impairment indicators, and is carried at cost less accumulated impairment losses. Goodwill on acquisitions of associates and joint ventures is included in the carrying amount of the respective investments. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income. On disposal of a subsidiary or joint operation the related goodwill is included in the determination of profit or loss on disposal. Goodwill on acquisitions of subsidiaries and interests in joint operations is allocated to cash generating units for the purpose of impairment testing. Impairment losses relating to goodwill cannot be reversed in future periods.

8.4.16 Other Intangible Assets

Expenditure on acquired patents, trademarks, licenses and other intangible assets is capitalized and amortized using the straight-line method over their estimated useful lives, but not exceeding 20 years.

8.4.17 Impairment of Non-Financial Assets

At each reporting date, the Holcim Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the nonfinancial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Holcim Group estimates the recoverable amount of the smallest cash generating unit to which the non-financial asset belongs. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. If the recoverable amount of a non-financial asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the statement of income. Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset or cash generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for that non-financial asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of income.

8.4.18 Impairment of Financial Assets

At each reporting date, the Holcim Group assesses whether there is any indication that a financial asset may be impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any reversal of an impairment loss is recognized in profit or loss. An impairment loss in respect of an available-for-sale financial asset is recognized in the statement of income and is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. Reversals of impairment losses on equity instruments classified as available-for-sale are recognized in other comprehensive earnings, while reversals of impairment losses on debt instruments are recognized in profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the statement of income. In relation to accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Holcim Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectable.

8.4.19 Long-Term Financial Liabilities

Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost, using the effective interest method, with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the statement of income over the term of the borrowings. Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognized and included in shareholders' equity; the value of the conversion option is not remeasured in subsequent periods. Long-term derivative liabilities are regarded as held for hedging unless they do not meet the strict hedging criteria stipulated under IAS 39 Financial Instruments: Recognition and Measurement, in which case they will be classified as held for trading. Financial liabilities that are due within 12 months after the end of the reporting period are classified as current liabilities unless the Holcim Group has an unconditional right to defer settlement of the liability until more than 12 months after the reporting period.

8.4.20 Deferred Taxes

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax expense. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences or unused tax losses can be utilized. Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries, associates and interests in joint arrangements except where the Holcim Group is able to control the distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future. Deferred tax is charged or credited in the statement of income, except when it relates to items credited or charged outside the statement of income, in which case the deferred tax is treated accordingly.

8.4.21 Site Restoration and Other Environmental Provisions

The Holcim Group provides for the costs of restoring a site where a legal or constructive obligation exists. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through operating costs over the life of the site, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition. All provisions are discounted to their present value.

8.4.22 Emission Rights

The initial allocation of emission rights granted is recognized at nominal amount (nil value). Where a Holcim Group company has emissions in excess of the emission rights granted, it will recognize a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Holcim Group does not intend to speculate with these in the open market.

8.4.23 Other Provisions

A provision is recognized when there exists a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

8.4.24 Employee Benefits – Defined Benefit Plans

Some Holcim Group companies provide defined benefit pension plans for employees. Professionally qualified independent actuaries value the defined benefit obligations on a regular basis. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognized immediately when they occur. Remeasurements, which comprise actuarial gains and losses on the pension obligation, the return on plan assets and changes in the effect of the asset ceiling excluding amounts included in net interest, are recognized directly in other comprehensive earnings and are not reclassified to profit or loss in a subsequent period. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

8.4.25 Employee Benefits – Defined Contribution Plans

In addition to the defined benefit plans described above, some Holcim Group companies sponsor defined contribution plans based on local practices and regulations. The Holcim Group's contributions to defined contribution plans are charged to the statement of income in the period to which the contributions relate.

8.4.26 Employee Benefits – Other Long-Term Employment Benefits

Other long-term employment benefits include long-service leave or sabbatical leave, medical aid, jubilee or other long-service benefits, long-term disability benefits and, if they are not expected to be settled wholly within twelve months after the year end, profit sharing, variable and deferred compensation. The measurement of these obligations differs from defined benefit plans in that all remeasurements are recognized immediately in profit or loss and not in other comprehensive earnings.

8.4.27 Employee Benefits – Equity Compensation Plans

The Holcim Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The amounts are charged to the statement of income over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting.

8.4.28 Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery has taken place and the transfer of risks and rewards of ownership has been completed. The significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery when the bill of lading is signed by the customer as evidence that they have accepted the product delivered to them. Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive payment is established. Certain Holcim Group activities are driven by construction contracts. Consequently, contract revenue and contract costs are recognized in the statement of income using the percentage of completion method, with the stage of completion being measured by reference to actual work performed to date.

8.4.29 Contingent Liabilities

Contingent liabilities arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Holcim Group. They are accordingly only disclosed in the notes to the financial statements.

8.5 Results of Operations of the Holcim Group for the Years Ended December 31, 2014, 2013 and 2012

The following table sets forth Holcim Group's consolidated statement of income line items for the years ended December 31, 2014, 2013 and 2012:

	Year Ended December 31			**Change**	
	2014	**2013**	**2012[1]**	**2014-2013**	**2013-2012**
		(In CHF million)		*(%)*	
Net sales	**19,110**	**19,719**	**21,160**	**-3.1**	**-6.8**
Production cost of goods sold	(10,548)	(11,087)	(12,529)	-4.9	-11.5
Gross profit	**8,562**	**8,632**	**8,631**	**-0.8**	**0.0**
Distribution and selling expenses	(4,924)	(5,021)	(5,418)	-1.9	-7.3
Administration expenses	(1,321)	(1,254)	(1,464)	5.3	-14.3
Operating profit	**2,317**	**2,357**	**1,749**	**-1.7**	**34.8**
Other income	179	204	208	-12.3	-1.9
Share of profit of associates and joint ventures	140	161	147	-13.0	9.5
Financial income	183	183	232	0.0	-21.1
Financial expenses	(611)	(777)	(782)	-21.4	-0.6
Net income before taxes	**2,207**	**2,128**	**1,552**	**3.7**	**37.1**
Income taxes	(588)	(533)	(550)	10.3	-3.1
Net income	**1,619**	**1,596**	**1,002**	**1.4**	**59.3**
Attributable to:					
Shareholders of Holcim Ltd	1,287	1,272	610	1.2	108.5
Non-controlling interest	332	324	392	2.5	-17.3

Note:

(1) Restated due to changes in accounting policies

8.5.1 Year Ended December 31, 2014 Compared With Year Ended December 31, 2013

8.5.1.1 Sales Volumes and Principal Key Figures

	2014[2]	2013[2]	±%	±% like-for-like
Sales of cement in mt	140.3	138.9	1.0	1.4
- of which mature markets in %	21	21		
- of which emerging markets in %	79	79		
Sales of aggregates in mt	153.1	154.5	-0.9	-0.4
- of which mature markets in %	86	85		
- of which emerging markets in %	14	15		
Sales of ready-mix concrete in million m3	37.0	39.5	-6.3	-4.9
- of which mature markets in %	60	58		
- of which emerging markets in %	40	42		
Sales of asphalt in mt	10.0	8.9	12.4	12.8
Net sales in CHF million	19,110	19,719	-3.1	3.0
- of which mature markets in %	49	47		
- of which emerging markets in %	51	53		
Operating EBITDA in CHF million	3,747	3,896	-3.8	2.0
- of which mature markets in %	37	35		
- of which emerging markets in %	63	65		
Operating EBITDA margin in %	19.6	19.8		
Operating profit in CHF million	2,317	2,357	-1.7	4.2
- of which mature markets in %	29	26		
- of which emerging markets in %	71	74		
Operating profit margin in %	12.1	12.0		
Net income in CHF million	1,619	1,596	1.5	
Net income - shareholders of Holcim Ltd in CHF million	1,287	1,272	1.2	
Cash flow from operating activities in CHF million	2,498	2,787	-10.3	-6.4

Note:

(1) The percentage split disclosed for mature markets and emerging markets is calculated based on the sum of the operating segments Asia Pacific, Latin America, Europe, North America and Africa Middle East, and does not include Corporate/Eliminations

8.5.1.2 Production Cost of Goods Sold

The table below shows a breakdown of production cost of goods sold for 2014 and 2013:

	2014	% of Net Sales	2013	% of Net Sales
	(In CHF million, except percentages)			
Net sales	**19,110**	—	**19,719**	—
Material expenses	(3,163)	16.6	(3,291)	16.7
Fuel expenses	(1,141)	6.0	(1,198)	6.1
Electricity expenses	(918)	4.8	(899)	4.6
Personnel expenses	(1,578)	8.3	(1,635)	8.3
Depreciation, amortization and impairment	(1,184)	6.2	(1,279)	6.5
Other production expenses	(2,539)	13.3	(2,692)	13.7
Change in inventory	(26)	0.1	(93)	0.5
Production cost of goods sold	**(10,548)**	**55.2**	**(11,087)**	**56.2**
Gross profit	**8,562**	**44.8**	**8,632**	**43.8**

The principal elements of production cost of goods sold are material expenses, fuel expenses, electricity expenses, personnel expenses, depreciation, amortization and impairment and other production expenses. In year ended 2014, production cost of goods sold decreased to CHF10,548 million from CHF11,087 million in same period of 2013. As a percentage of net sales, production cost of goods sold decreased in 2014 to 55.2 per cent. as compared to 56.2 per cent. in 2013.

8.5.1.3 Gross Profit

In 2014, the Holcim Group's gross profit decreased by CHF70 million to CHF8,562 million from CHF8,632 million in 2013 as the decrease in net sales exceeded the decrease in production costs of goods sold.

8.5.1.4 Operating EBITDA

	2014	2013	±%	±% like-for-like
	(In CHF million)			
Asia Pacific	1,332	1,473	-9.5	-1.7
Latin America	861	938	-8.2	-0.8
Europe	991	946	4.8	6.7
North America	600	494	21.5	26.0
Africa Middle East	276	283	-2.4	1.2
Corporate/Eliminations	(314)	(238)		
Total	**3,747**	**3,896**	**-3.8**	**2.0**

Operating EBITDA decreased by CHF149 million or -3.8 per cent. to CHF3,747 million in 2014. The currency-related effect had a negative impact on operating EBITDA, which resulted in a reduction of -5.4 per cent., while changes in the scope of consolidation were unfavorable and reduced the performance by -0.4 per cent. On a like-for-like basis, i.e. factoring out changes in the scope of consolidation and currency translation effects, operating EBITDA grew by CHF77 million or 2.0 per cent.

8.5.1.5 Operating EBITDA Margin

The Holcim Group's operating EBITDA margin decreased by 0.1 percentage point to 19.6 per cent. On a like-for-like basis, the margin dropped by 0.2 percentage point. Adjusted for restructuring and merger costs, the like-for-like operating EBITDA margin increased by 0.5 percentage point.

8.5.1.6 Operating Profit

	2014	2013	±%	±% like-for-like
	(In CHF million)			
Asia Pacific	934	1,030	-9.4	1.7
Latin America	663	722	-8.2	-1.1
Europe	510	436	16.8	16.1
North America	314	199	58.3	65.1
Africa Middle East	220	216	1.6	5.8
Corporate/Eliminations	(324)	(247)		
Total	**2,317**	**2,357**	**-1.7**	**4.2**

The operating profit decreased in 2014 by CHF40 million or 1.7 per cent. to CHF2,317 million. The currency-related effect, pulled down operating profit by CHF147 million or 6.2 per cent., while effects from changes in the scope of consolidation of CHF7 million or 0.3 per cent. contributed positively to the operating profit. On a like-for-like basis, the operating profit grew by CHF100 million or 4.2 per cent. Adjusted for the restructuring and merger costs booked in 2014 and amounting to CHF149 million, the operating profit was up by CHF249 million or 10.6 per cent. on a like-for-like basis, representing an improvement over 2013. At constant scope and exchange rates, North America's operating profit improved by 65.1 per cent., and Europe recorded an increase of 16.1 per cent. These two Holcim Group regions contributed the most to the positive operating profit performance, offsetting the adverse development in Asia Pacific (-1.7 per cent.) and Latin America (-1.1 per cent.). The Holcim Group sold more CO2 certificates in 2014, improving the operating EBITDA by CHF20 million (2014: CHF47 million, 2013: CHF27 million).

The Holcim Leadership Journey contributed CHF748 million to the improvements in the consolidated operating profit 2014. Out of this increase, CHF248 million was generated by customer excellence initiatives, while CHF500 million resulted from specific cost leadership programs related to energy, logistics, procurement and fixed costs.

8.5.1.7 Other Income

Other income decreased to CHF179 million in 2014 from CHF204 million in 2013. The major position from other income relates to gains on disposal of property, plant and equipment.

8.5.1.8 Financial Income

Financial income was stable at CHF183 million in 2014. In 2014 the position "Other financial income" included the partial realization of the change in fair value of the compensation related to the nationalization of Holcim Venezuela in the amount of CHF56 million (USD61 million), respectively CHF57 million (USD61 million) in 2013.

8.5.1.9 Financial Expenses

In 2014, financial expenses decreased by 21.4 per cent. to CHF611 million from CHF777 million in 2013, primarily due lower interest expenses in the amount of CHF58 million and lower foreign exchange losses (net) in the amount of CHF63 million.

8.5.1.10 Income Taxes

In 2014, the Holcim Group's effective tax rate was 27 per cent., compared to 25 per cent. in 2013. Holcim Group's expected tax rate (33 per cent. for 2014) is a weighted average tax rate based on profit (losses) before taxes of the Holcim Group companies. The increase (from 30 per cent. for 2013) of the Holcim Group's expected tax rate is largely due to a shift of net income before taxes to regions with higher tax rates.

8.5.1.11 Net Income

The Holcim Group net income grew by CHF23 million or 1.5 per cent. to CHF1,619 million. A reduction in financing costs and foreign exchange losses as well as higher gains on sales of property, plant and equipment overcompensated lower operating profit, increased income taxes, reduced share of profit of associates and joint ventures and lower gains on sales of financial investments. In 2013, the Holcim Group recorded a gain of CHF136 million on the sale of a 25 per cent. stake in Cement Australia while in 2014, a gain of CHF56 million was recorded on the disposal of subsidiaries.

8.5.2 Year Ended December 31, 2013 Compared With Year Ended December 31, 2012

8.5.2.1 Sales Volumes and Principal Key Figures

	2013	2012(1)	±%	±% like-for-like
Sales of cement in mt	138.9	142.3	-2.4	-1.2
- of which mature markets	28.4	30.9	-8.1	-2.7
- of which emerging markets	110.4	111.4	-0.8	-0.8
Sales of aggregates in million t	154.5	158.2	-2.4	-0.8
- of which mature markets	130.9	130.0	0.7	2.6
- of which emerging markets	23.5	28.2	-16.5	-16.8
Sales of ready-mix concrete in million m^3	39.5	45.3	-12.9	-7.4
- of which mature markets	22.9	26.3	-12.6	-3.2
- of which emerging markets	16.5	19.0	-13.2	-13.2
Sales of asphalt in million t	8.9	9.1	-2.0	-0.1
Net sales in CHF million	19,719	21,160	-6.8	0.2
- of which mature markets	9,360	10,198	-8.2	0.4
- of which emerging markets	10,358	10,962	-5.5	0.1
Operating EBITDA in CHF million	3,896	3,889	0.2	7.0
- of which mature markets	1,338	1,113	20.2	32.6
- of which emerging markets	2,558	2,776	-7.9	-3.2
Operating EBITDA margin in %	19.8	18.4		
Operating profit in CHF million	2,357	1,749	34.8	43.7
- of which mature markets	549	(183)	400.7	434.9
- of which emerging markets	1,808	1,932	-6.4	-1.6
Operating profit margin in %	12.0	8.3		
Net income in CHF million	1,596	1,002	59.3	
Net income - shareholders of Holcim Ltd in CHF million	1,272	610	108.4	
Cash flow from operating activities in CHF million	2,787	2,643	5.4	12.5

Note:

(1) Restated due to changes in accounting policies.

8.5.2.2 Production Cost of Goods Sold

The table below shows a breakdown of production cost of goods sold for 2013 and 2012:

	2013	% of Net Sales	2012[1]	% of Net Sales
	(In CHF million, except percentages)			
Net sales	**19,719**	—	**21,160**	—
Material expenses	(3,291)	16.7	(3,558)	16.8
Fuel expenses	(1,198)	6.1	(1,425)	6.7
Electricity expenses	(899)	4.6	(951)	4.5
Personnel expenses	(1,635)	8.3	(1,789)	8.5
Depreciation, amortization and impairment	(1,279)	6.5	(1,805)	8.5
Other production expenses	(2,692)	13.7	(3,104)	14.7
Change in inventory	(93)	0.5	103	0.5
Production cost of goods sold	**(11,087)**	**56.2**	**(12,529)**	**59.2**
Gross profit	**8,632**	**43.8**	**8,631**	**40.8**

Note:

(1) Restated due to changes in accounting policies.

The principal elements of production cost of goods sold are material expenses, fuel expenses, electricity expenses, personnel expenses, depreciation, amortization and impairment and other production expenses. In the year ended December 31, 2013, production cost of goods sold decreased to CHF11,087 million from CHF12,529 million in same period of 2012. As a percentage of net sales, production cost of goods sold increased in 2013 to 56.2 per cent. as compared to 59.2 per cent. in 2012.

8.5.2.3 Gross Profit

In 2013, the Holcim Group's gross profit increased by CHF1 million to CHF8,632 million from CHF8,631 million in 2012 as the decrease in production costs of goods sold was in-line with the decrease of net sales. As a percentage of net sale, Gross profit increased to 43.8 per cent. in 2013 as compared to 40.8 per cent. in 2012.

8.5.2.4 Operating EBITDA

	2013	2012[1]	±%	±% like-for-like
	(In CHF million)			
Asia Pacific	1,473	1,789	-17.7	-6.3
Latin America	938	960	-2.3	1.3
Europe	946	615	53.8	55.8
North America	494	480	3.0	5.5
Africa Middle East	283	279	1.4	2.6
Corporate/Eliminations	(238)	(234)		
Total	**3,896**	**3,889**	**0.2**	**7.0**

Note:

(1) Restated due to changes in accounting policies.

Operating EBITDA increased by CHF6 million or 0.2 per cent. to CHF3,896 million in 2013. The currency-related effect had a negative impact on operating EBITDA, which resulted in a reduction of CHF157 million or 4.0 per cent., while changes in the scope of consolidation, mainly driven by the deconsolidation of Cement Australia, were also unfavorable and reduced the performance by CHF110 million or 2.8 per cent. On a like- for-like basis, operating EBITDA grew by CHF273 million or 7.0 per cent. Adjusted for the restructuring costs booked in 2012, the operating EBITDA rose by CHF34 million or 0.8 per cent., a slight improvement over 2012. As Holcim sold less CO2 certificates in 2013, the operating profit growth was further burdened by CHF36 million.

The shift in the regional weighting of operating EBITDA was most pronounced for Europe, which accounted for 24.3 per cent. of operating EBITDA (2012: 15.8), while the relative weighting of Asia Pacific decreased to 37.8 per cent. (2012: 46.0). In 2013, the weighting of emerging markets in the Holcim Group's operating EBITDA amounted to 65.7 per cent. (2012: 71.4).

8.5.2.5 Operating EBITDA Margin

In 2013, the Holcim Group's operating EBITDA margin increased by 1.4 percentage point from 18.4 per cent. to 19.8 per cent. Currency fluctuation and changes in the scope of consolidation did not have a significant effect on the Holcim Group's margin. This development resulted mainly from the CHF239 million restructuring costs incurred last year in connection with the Holcim Leadership Journey. Adjusted for these costs, the operating EBITDA margin grew by 0.1 percentage point on a like-for- like basis. Price increases and cost containment measures associated with the Holcim Leadership Journey could offset the unfavorable effect from volume losses.

In the cement segment, the operating EBITDA margin increased like-for-like by 0.6 percentage point to 25.1 per cent. With the exception of Asia Pacific and Latin America, the Holcim Group regions reported an improved margin. Adjusted for restructuring costs, the progression was negative at -0.5 percentage point. In the aggregates segment, the margin improved on a like-for-like basis by 2.9 percentage points to 18.5 per cent., driven by Europe, North America and Asia Pacific. In other construction materials and services, the operating EBITDA margin rose by 1.7 percentage points to 2.9 per cent. on account of the improved performance in Latin America and Europe.

8.5.2.6 Operating Profit

	2013	**2012[1]**	**±%**	**±% like-for-like**
	(In CHF million)			
Asia Pacific	1,030	1,273	-19.1	-8.0
Latin America	722	709	1.9	5.6
Europe	436	(372)	217.2	211.6
North America	199	164	21.1	24.8
Africa Middle East	216	220	-1.7	-0.3
Corporate/Eliminations	(247)	(245)		
Total	**2,357**	**1,749**	**34.8**	**43.7**

Note:

(1) Restated due to changes in accounting policies.

In 2013, the operating profit improved by CHF608 million or 34.8 per cent. to CHF2,357 million. The currency translation effect and change in consolidation structure impacted the Holcim Group operating profit by -6.4 per cent. and -2.5 per cent., respectively. On a like-for-like basis, the operating profit increased by CHF764 million or 43.7 per cent. This increase was mainly attributable to the restructuring cash costs in connection with the Holcim Leadership Journey to the amount of CHF239 million, and the asset write-offs of CHF497 million, both of which were booked in the previous year. These write-offs comprised mostly CHF447 million from Holcim Group region Europe (Spain, Italy, Belgium, France, Germany, UK, and several countries in Eastern Europe), and CHF46 million from Latin America, chiefly related to the closure of the Yocsina cement plant in Argentina. Excluding impacts from restructuring costs and asset write-offs, the operating profit was CHF28 million or 1.1 per cent. up on last year's figure on a like-for-like basis. Europe's operating profit improved - at constant scope and exchange rates - by 62.8 per cent., and North America recorded an increase of 21.8 per cent. These regions contributed the most to the positive performance offsetting adverse developments in Asia Pacific (-10.0 per cent.) and Latin America (-4.7 per cent.).

The Holcim Leadership Journey contributed CHF943 million to the improvements in the consolidated operating profit. Out of this increase, CHF135 million was generated by customer excellence initiatives, while CHF808 million resulted from specific cost leadership programs on energy, procurement, and fixed costs.

8.5.2.7 Other Income

Other income decreased to CHF204 million in 2013 from CHF208 million in 2012. The main position in 2013 is from a net gain on the disposal of 25 per cent. equity interest in Cement Australia of AUD 151 million (CHF136 million). In 2012, the main position was due to a pre-tax gain of CHF153 million from the sale of a 9.3 per cent. shareholding in Siam City Cement Public Company.

8.5.2.8 Financial Income

Financial income decreased to CHF183 million in 2013 as compared to CHF232 million in 2012 primarily due to the partial realization of the change in fair value of the compensation related to the nationalization of Holcim Venezuela and income from loans and receivables.

8.5.2.9 Financial Expenses

In 2013, financial expenses decreased to CHF777 million from CHF782 million in 2012, primarily due to financial liabilities measured at amortized cost. The weighted average nominal interest rate of financial liabilities as at December 31, 2013 was 4.6 per cent., compared to 4.5 per cent. in 2012.

8.5.2.10 Income Taxes

In 2013, the Holcim Group's effective tax rate was 25 per cent., compared to 35 per cent. in 2012. The Holcim Group's expected tax rate is a weighted average tax rate based on profit (losses) before taxes of the Holcim Group companies. Income taxes decreased in 2013 to CHF533 million, compared to CHF550 million in 2012. The current taxes in 2013 include an expense of CHF148 million (2012: -19) in respect of prior years, which largely relates to Holcim Mexico as a result of changes in tax rules.

8.5.2.11 Holcim Group Net Income

The Holcim Group net income grew by CHF594 million or 59.3 per cent. to CHF1,596 million. Restructuring costs booked last year lowered the comparison year by CHF736 million. Holcim recorded a gain of CHF136 million on the disposal of 25 per cent. of the equity interest in Cement Australia. Despite this major transaction, below operating profit items did not impact the net income development significantly as Holcim recorded a profit of CHF153 million last year, following the disposal of 9.3 per cent. of the share capital of Siam City Cement Company in Thailand.

8.6 Non-GAAP Measure: Operating EBITDA

Operating EBITDA is calculated as operating profit before depreciation, amortization and impairment of operating assets.

The following is a reconciliation of operating EBITDA to operating profit for the periods presented:

	Year ended December 31,		
	2014	2013	2012[(1)]
		(In CHF million)	
Reconciliation of operating EBITDA			
Operating profit	2,317	2,357	1,749
Add:			
Depreciation, amortization and impairment of operating assets	1,430	1,538	2,140
Operating EBITDA	3,747	3,896	3,889

Note:

(1) Restated due to changes in accounting policies

9 Capital Resources

9.1 Cash Flows of Holcim

	2014	2013	+/- %
	(In CHF million)		
Cash flow from operating activities	2,498	2,787	-10.3
Purchase/disposal of property, plant and equipment	(1,759)	(2,000)	-12.1
Acquisition/disposal of participation in Holcim Group companies	34	399	-91.5
Purchase/disposal of financial assets, intangible and other assets	0	(64)	-100.0
Payout on ordinary shares, dividends paid to non-controlling interest, capital paid-in by non-controlling interest and movement of treasury shares	(704)	(570)	23.5
Proceeds/repayment of current financial liabilities	327	(213)	253.5
Proceeds/repayment of long-term financial liabilities	(604)	(836)	-27.8
Increase in participation in existing Holcim Group companies	7	(5)	240.0
Decrease/increase in cash and cash equivalents	(201)	(503)	-60.0

9.1.1 Cash Flow From Operating Activities

In 2014, cash flow from operating activities retracted by CHF288 million or 10.3 per cent. to CHF2,498 million. At constant scope and exchange rates, the cash flow from operating activities decreased by CHF179 million or 6.4 per cent. This setback was mainly the consequence of a lower operating EBITDA, impacted by restructuring and merger cash costs and higher net working capital. In 2014, the cash flow margin was 13.0 per cent. (2013: 14.1).

9.1.2 Investment Activities

The cash flow from investing activities increased by CHF59 million to CHF1,724 million. The net capital expenditure to maintain productive capacity and to secure competitiveness amounted to CHF738 million, while investments in expansion and diversification projects reached CHF1,020 million. Proceeds from sale of property, plant and equipment amounted to CHF209 million (2013: 205). Investments in property, plant and equipment for expansion mainly reflect key projects, the objective of which was to increase cement capacity in emerging countries such as Brazil, Indonesia, Ecuador and India, as well as in some mature countries such as Australia. The net financial divestments consisted mainly of the sale of subsidiaries.

9.1.3 Holcim Group $ROIC_{BT}$

The Holcim Group's return on invested capital before tax ($ROIC_{BT}$) measures the profitability of the capital employed. It is regarded as a measure of operating profitability and is calculated by expressing EBIT (earnings before interest and taxes) as a percentage of the average invested capital (excluding cash and marketable securities).

	EBIT(1)	Invested capital			$ROIC_{BT}$ in %
		Current year	Previous year	Average	
		(In CHF million)			
2014	2,723	31,089	29,736	30,412	9.0
2013	2,785	29,736	31,458	30,597	9.1

Note:

(1) Earnings before interest and taxes.

In 2014, the $ROIC_{BT}$ slightly decreased from 9.1 per cent. to 9.0 per cent., a development primarily due to an increase in the average Holcim Group invested capital. After adjusting for restructuring and merger costs, the $ROIC_{BT}$ increased to 9.4 per cent.

9.1.4 Financing Activity

The Holcim Group's investments were funded from the cash flow from operating activities. New debt capital issuances were mainly conducted to refinance existing borrowings. In 2014, capital market transactions of CHF0.7 billion were undertaken by the Holcim Group, enabling the Holcim Group to lock in historically low interest rates and to extend the average maturity of financial liabilities. The main debt capital transactions were a EUR500 million Holcim Finance (Luxembourg) S.A. bond with a coupon of 3.00 per cent., term 2014-2024, and a MXN2,000 million Holcim Capital México S.A. de C.V. bond with a floating coupon, term 2014-2018.

9.2 Net Financial Debt of the Holcim Group

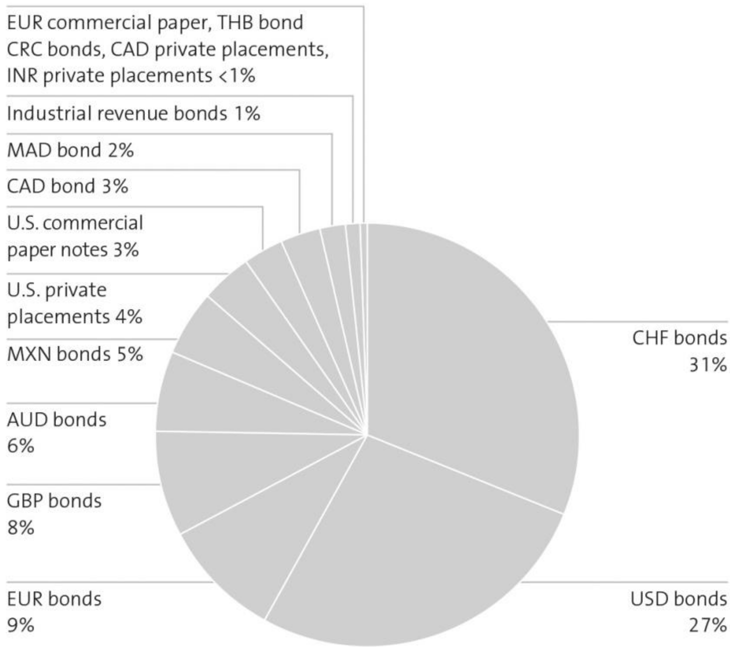
Net financial debt is calculated as current financial liabilities plus long-term financial liabilities less cash and cash equivalents (excluding marketable securities).

The following is a reconciliation of net financial debt as at the dates presented:

	December 31,	
	2014	**2013**
Reconciliation of net financial debt		
Current financial liabilities	2,502	2,920
Long-term financial liabilities	9,291	8,785
Less:		
Cash and cash equivalents	2,149	2,244
Net financial debt	9,644	9,461

Net financial debt increased by CHF183 million to CHF9,644 million due to an unfavorable currency impact of CHF250 million and a change in consolidation structure impact of CHF45 million. On a like-for-like basis, net financial debt decreased by CHF113 million.

Capital market financing of the Holcim Group as of December 31, 2014 (CHF8,862 million)



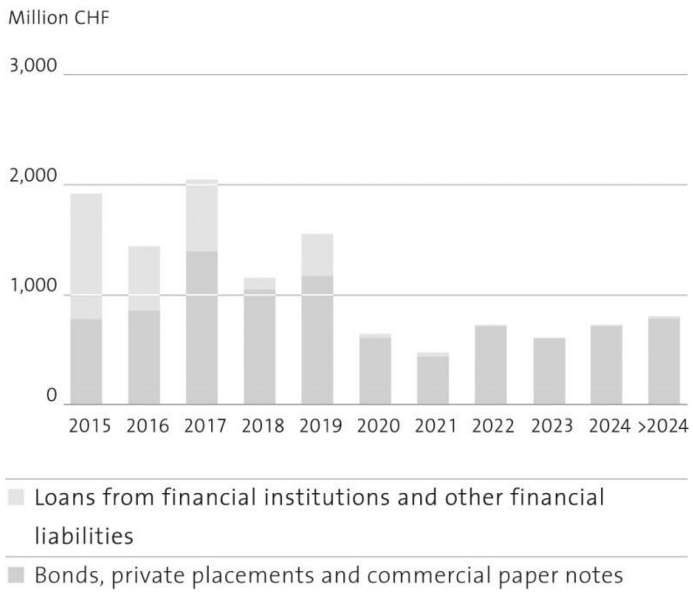
9.3 Financing Profile

75 per cent. of the financial liabilities are financed through various capital markets and 25 per cent. through banks and other lenders. There are no major positions with individual lenders. With 5.2 years, the average maturity of financial liabilities was extended in comparison to the previous year (2013: 5.0). The Holcim Group's maturity profile is widely spread with a large proportion of mid to long-term financing.

Maintaining a favorable credit rating is one of the Holcim Group's objectives and the Holcim Group therefore gives priority to achieving its financial targets and retaining its investment-grade rating. The ratio of funds from operations to net financial debt declined by 1.7 percentage points to 31.7 per cent. (Holcim Group target: >25 per cent.), and the ratio of net financial debt to EBITDA stood at 2.3x (Holcim Group target: <2.8x).

The EBITDA net interest coverage reached 8.6x (Holcim Group target: >5x), and the EBIT net interest coverage 5.7x (Holcim Group target: >3x). The average nominal interest rate on Holcim Group's financial liabilities as at December 31, 2014, was 4.2 per cent. (2013: 4.6), whereas the proportion of fixed rate debt stood at 58 per cent. (2013: 56).

Maturity Profile of Total Financial Liabilities as of December 31, 2014



9.4 Liquidity

To secure liquidity, the Holcim Group held cash and cash equivalents of CHF2,149 million at December 31, 2014 (2013: 2,244). Most of this cash is invested in term deposits held with a large number of banks on a broadly diversified basis. The counterparty risk is constantly monitored on the basis of clearly defined principles as part of the risk management process. As of December 31, 2014, the Holcim Group also had unused credit lines amounting to CHF7,105 million (2013: 7,990). This includes unutilized committed credit lines of CHF3,820 million (2013: 4,967). Existing borrowings as at December 31, 2014, of CHF1,947 million (2013: 2,521) maturing in the next 12 months are comfortably covered by existing cash, cash equivalents and unutilized committed credit lines. The Holcim Group has a U.S. commercial paper program as well as a EUR commercial paper program. The aim of these programs is to fund short-term liquidity needs at attractive terms. Notes in the amount of USD241 million (2013: 448) and EUR28 million (2013: 0) were outstanding as per December 31, 2014.

9.5 Off-Balance Sheet Transactions, Guarantees and Commitments

In the ordinary course of business, the Holcim Group is involved in lawsuits, claims of various natures, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. The Holcim Group operates in countries where political, economic, social and legal developments could have an impact on the Holcim Group's operations. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

At December 31, 2014, the Holcim Group's contingencies amounted to CHF1,037 million (2013: 779), which included contingencies of CHF362 million (2013: 333) from ACC Limited and Ambuja Cements Ltd. and of CHF190 million from Holcim Brazil. It is possible, but not probable, that the respective legal cases will result in future liabilities.

For a description of the contingent liabilities associated with the litigations involving ACC Limited, Ambuja Cements Ltd and Holcim Brazil, see Note 37 to the Consolidated Financial Statements of the Holcim Group as of and for the year ended December 31, 2014 and to Section 17.3 of Part II.

At December 31, 2014, guarantees issued in the ordinary course of business amounted to CHF386 million (2013: 411).

In the ordinary course of business, the Holcim Group enters into purchase commitments for goods and services, buys and sells investments, associated companies and Holcim Group companies or portions thereof. It is common practice for the Holcim Group to make offers or receive call or put options in connection with such acquisitions and divestitures. At December 31, 2014, the Holcim Group's commitments amounted to CHF1,351 million (2013: 1,284), of which CHF543 million (2013: 759) related to the purchase of property, plant and equipment. On November 7, 2014, the Holcim Group signed a share and loan purchase agreement where it agreed to purchase an additional 15 per cent. interest in United Cement Company of Nigeria Ltd ("Unicem") and also agreed to purchase shareholder loans to Unicem in 2015. The total estimate of the financial commitment relating to these transactions amounts to CHF146 million (USD148 million).

10 Research and Development, Patents and Licences

10.1 Research and Development

Research and development is conducted locally by operating companies and centrally at Holcim Technology Ltd ("**HTEC**") in Switzerland. This work is aimed primarily at developing new solutions and products with lower carbon footprint during production and use and improving production processes in order to increase process and energy efficiency. The Holcim Group is also increasing research into resource conservation and waste management, as cement kilns are an effective way to use waste and preserve noble fuels such as coal. The results and expertise of the research activities are shared with the other Group companies through HTEC. Research and development expenses are continuously increased towards initiatives creating value for the Holcim Group's customers along the entire construction value chain.

In the year ended December 31, 2014, the Holcim Group spent a total of CHF74 million on research and development. No significant costs were incurred for licenses obtained from third parties, nor was any significant revenue generated from licenses granted.

10.2 Intellectual Property

The Holcim Group owns or has licences to use various trademarks, patents and other intellectual property rights that are of value to its business. No such single intellectual property right is material in the context of the Holcim Group's business, with the exception of the Holcim trademark and logo. The Holcim Group owns or has the right to use all relevant trademarks used in conjunction with the marketing of its products.

11 Administrative, Management and Supervisory Bodies and Senior Management of Holcim Ltd

11.1 Board of Directors

As at the date of this Registration Document, Holcim's Board of Directors consists of 9 members, of whom all are independent according to the definition of the Swiss Code of Best Practice for Corporate Governance. In accordance with Article 15 of the Articles of Association, all directors are shareholders of Holcim Ltd.

As at the date of this Registration Document, the following persons belong to the Holcim's Board of Directors:

Members of the Board of Directors	Functions	Other Principal Activities
Wolfgang Reitzle	Chairman[1]	• Continental AG[2], Hannover (Germany), Chairman of the Supervisory Board • Axel Springer SE, Berlin (Germany), Member of the Supervisory Board • Hawesko Holding AG[2], Hamburg (Germany), Member of the Supervisory Board • Medical Park AG, Amerang (Germany), Chairman of the Supervisory Board
Beat Hess	Deputy Chairman	• Nestlé S.A.[2], Vevey (Switzerland), Member of the Board, Member of the Chairman's and Corporate Governance Committee, Chairman of the Compensation Committee • Sonova Holding AG[2], Stäfa (Switzerland), Vice Chairman of the Board, Member of the Nomination and Compensation Committee
Alexander Gut......................	Member	• Adecco S.A.[2], Chéserex (Switzerland), Member of the Board, Chairman of the Audit Committee • Gut Corporate Finance AG, Zurich (Switzerland), Managing Partner
Adrian Loader......................	Member	• Oracle Coalfields PLC[2], London (UK), Chairman of the Board • GardaWorld, Montreal (Canada), Member of the International Advisory Board • Alderon Iron Ore[2], Montreal (Canada), Member of the Board • Sherrit International Corporation[2], Toronto (Canada), Member of the Board
Jürg Oleas	Member[1]	• GEA Group Aktiengesellschaft[2], Düsseldorf (Germany), Chief Executive Officer • RUAG Holding AG[2], Bern (Switzerland), Member of the Board
Thomas Schmidheiny	Member	• Schweizerische Cement-Industrie-Aktiengesellschaft[3], Jona (Switzerland), Chairman of the Board • Spectrum Value Management Ltd.[3], Jona (Switzerland), Chairman of the Board • Abraaj Holdings, Dubai (United Arab

Members of the Board of Directors	Functions	Other Principal Activities
		Emirates), Member of the Board
Hanne Birgitte Breinbjerg Sørensen................................	Member	• Damco International B.V., The Hague (Netherlands), Chief Executive Officer
Dieter Spälti..........................	Member	• Rieter Holding AG[(2)], Winterthur (Switzerland), Member of the Board • Schweizerische Cement-Industrie-Aktiengesellschaft[(3)], Jona (Switzerland), Member of the Board • Spectrum Value Management Ltd.[(3)], Jona (Switzerland), Member of the Board
Anne Wade...........................	Member	• FB Heron Foundation, New York (USA), Member of the Board of Trustees • Big Society Capital, London (UK), Member of the Board of Directors

Note:

(1) As of April 29, 2014

(2) Listed company.

(3) Related mandate of the same Board Member (company of the same group or mandate related to another mandate – e.g. association membership).

In line with the OaEC, each member of the Board of Directors proposed by the Board of Directors was re-elected individually by the shareholders at Holcim's Annual General Meeting held on April 13, 2015 for a term of office of one year until the Annual General Meeting 2016. Wolfgang Reitzle was re-elected as the Chairman of the Board of Directors.

The business address for each member of the Board of Directors is Holcim Ltd, Zürcherstrasse 156, 8645 Jona, Switzerland.

There have been no convictions of fraud or other finance or business-related crimes against any of the members of the Board of Directors in the last five years, and no legal proceedings against any such member of the Board of Directors by statutory or regulatory authorities (including designated professional associations) are ongoing or have been concluded with a sanction.

Personal information regarding the members of the Board of Directors:

Wolfgang Reitzle

German national, born 1949, Chairman of the Board of Directors and of the Governance & Strategy Committee since April 29, 2014, member of the Nomination & Compensation Committee. He studied engineering and economics at the Technical University of Munich and holds a Degree and a PhD in Mechanical Engineering. From 1976 to 1999 he worked for the car manufacturer BMW, where in 1987 he was appointed regular member of the Executive Board, responsible for research and development. In 1999, he took over as Chief Executive Officer of the Premier Automotive Group and Vice President of the US car manufacturer Ford. In 2002, he joined the Executive Committee of Linde, a world-leading gases and engineering company, and was Chief Executive Officer from 2003 to 2014. Wolfgang Reitzle is also Chairman of the Supervisory Board of Continental AG, Hannover, and Member of the Supervisory Board (as of June 1, 2014 Chairman of the Supervisory Board) of Medical Park AG, Amerang, Germany and Member of the Supervisory Board of Springer SE, Berlin, Germany. He was elected to the Board of Directors of Holcim Ltd in 2012. He is also a member of the Supervisory Board of Hawesko AG, elected in 2014.

Beat Hess

Swiss national, born in 1949, Deputy Chairman of the Board of Directors of Holcim, Member of the Nomination & Compensation Committee of Holcim until April 17, 2013, Member of the Audit Committee of Holcim since April 17, 2013 and Member of the Governance & Strategy Committee of Holcim since January 1, 2013. He holds a doctorate in law and is admitted to the bar in Switzerland. From 1977 to 2003, he was initially Legal Counsel and subsequently General Counsel for the ABB Group. From 2004 until the end of 2010, he was Legal Director and Member of the Executive Committee of the Royal Dutch Shell Group, London and The Hague. He is also a Member of the Board of Directors and Member of the Chairman's and Corporate Governance Committee, and the Chairman of the Compensation Committee of Nestlé S.A., Vevey, and Vice-Chairman and Member of the Nomination and Compensation Committee of the Board of Directors of Sonova Holding AG, Stafa. He was elected to the Board of Directors of Holcim in 2010.

Alexander Gut

British and Swiss national, born in 1963, Member of the Board of Directors, Chairman of the Audit Committee since April 17, 2013. He holds a doctorate degree in Business Administration (Dr. oec. publ.) from the University of Zurich, and is a Swiss Certified Accountant. From 1991 to 2001, he was with KPMG in Zurich and London and from 2001 to 2003 he was with Ernst & Young in Zurich and was promoted to Partner in 2002. From 2003 to 2007, he was a Partner with KPMG in Zurich, and was promoted to the Executive Committee of KPMG Switzerland in 2005. Alexander Gut is the Founder and Managing Partner of Gut Corporate Finance AG, an independent corporate finance advisory firm in Zurich. He is a Member of the Board of Directors and Chairman of the Audit Committee of Adecco S.A., Cheserex, Switzerland. He was elected to the Board of Directors of Holcim Ltd in 2011.

Adrian Loader

British national, born in 1948, Member of the Board of Directors, Chairman of the Nomination & Compensation Committee since April 29, 2014. He holds an Honours Degree in History from Cambridge University and is a Fellow of the Chartered Institute of Personnel and Development. He began his professional career at Bowater in 1969, and joined Shell the following year. Until 1998, he held various management positions in Latin America, Asia, Europe and at corporate level. In 1998, he was appointed President of Shell Europe Oil Products and became Director for Strategic Planning, Sustainable Development and External Affairs in 2004. From 2005, he was Director of the Strategy and Business Development Directorate of Royal Dutch Shell and became President and CEO of Shell Canada in 2007, retiring from Shell at the end of the year. In January 2008, he joined the Board of Directors of Toronto-based Candax Energy Inc. and was Chairman until June 2010. He then served as Chairman of Compton Petroleum, Calgary, until August 2012. He is currently Chairman of the Board of Directors of Oracle Coalfields PLC, London, and a Member of the Board of Directors of Sherritt International Corporation, Toronto, and a Member of the Board of Alderon Iron Ore, Montreal. He further serves as a Member of the International Advisory Board of Directors of Garda World, Montreal. He was elected to the Board of Directors of Holcim Ltd in 2006.

Jürg Oleas

Swiss national, born in 1957, holds an MSc in mechanical engineering from the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland. He is Chief Executive Officer of GEA Group Aktiengesellschaft, a Düsseldorf-based mechanical engineering company listed on Germany's MDAX stock index. GEA Group is one of the largest system suppliers for the food processing industry and a wide range of other process industries. Jürg Oleas has been a member of the GEA Group Executive Board since joining the company in May 2001. Initially responsible for the Group's chemical activities, he was appointed Chief Executive Officer of GEA Group on November 1, 2004. Before joining the GEA Group, he spent nearly 20 years with ABB and the Alstom Group, where he held several management positions. He is a member of the Board of RUAG Holding AG, Bern (Switzerland). He was elected to the Board of Directors of Holcim Ltd in 2014.

Thomas Schmidheiny

Swiss national, born in 1945, Member of the Board of Directors, Member of the Nomination & Compensation Committee. He studied mechanical engineering at the ETH Zurich and complemented his studies with an MBA from the IMD Lausanne (1972). In 1999, he was awarded an honorary doctorate for his services in the field of sustainable development from Tufts University, Massachusetts. He began his career in 1970 as Technical Director with Cementos Apasco and was appointed to the Executive Committee of Holcim Ltd in 1976, where he held the office of Chairman from 1978 until 2001. He was elected to the Board of Directors of Holcim in 1978 and was Chairman of the Board of Directors of Holcim Ltd from 1984 until 2003.

Hanne Birgitte Breinbjerg Sørensen

Danish national, born 1965, Member of the Board of Directors, Member of the Nomination & Compensation Committee since April 29, 2014. Until the end of the year 2013 she was the Chief Executive Officer of Maersk Tankers, Copenhagen and as of January 1, 2014 she is the Chief Executive Officer of Damco, another company of the A.P. Møller-Maersk Group. Hanne Birgitte Breinbjerg Sørensen holds an MSc in Business Economy from the University of Aarhus. She was elected to the Board of Directors of Holcim Ltd in 2013.

Dieter Spälti

Swiss national, born in 1961, Member of the Board of Directors, Member of the Audit Committee, Member of the Governance & Strategy Committee since January 1, 2013. He studied law at the University of Zurich, obtaining a doctorate in 1989. He began his professional career as a credit officer with Bank of New York in New York, before taking up an appointment as Chief Financial Officer of Tyrolit (Swarovski Group), based in Innsbruck and Zurich, in 1991. From 1993 until 2001, he was with McKinsey & Company, ultimately as a partner, and was involved in numerous projects with industrial, financial and technology firms in Europe, the USA and Southeast Asia. In October 2002, he joined Rapperswil-Jona-based Spectrum Value Management Ltd. as a partner, the firm which administers the industrial and private investments of the family of Thomas Schmidheiny. Since 2006, he has been Chief Executive Officer of Spectrum Value Management Ltd. He was elected to the Board of Directors of Holcim Ltd in 2003.

Anne Wade

US national, born 1972, Member of the Board of Directors, member of the Governance and Strategy Committee since April 29, 2014. From 1995 to 2012, she was Senior Vice President and Director of Capital International, based in London. Anne Wade is currently a Member of the Board of Trustees of the FB Heron Foundation in New York. She graduated with a BA from Harvard University and holds a Master of Science from the London School of Economics. She was elected to the Board of Directors of Holcim Ltd in 2013.

11.2 Group Executive Committee

As at the date of this Registration Document, the Executive Committee of Holcim Ltd consists of seven members. None of the members of the Executive Committee has important functions outside the Holcim Group or any other significant commitments of interest.

The following individuals are the members of the Executive Committee of Holcim Ltd and their area of responsibility as at the date of this Registration Document:

Members of the Executive Committee	Functions
Bernard Fontana...	Chief Executive Officer
Thomas Aebischer	Chief Financial Officer
Urs Bleisch	Member[(1)]
Roland Köhler..	Member (Europe)
Andreas Leu...	Member (Americas)
Bernard Terver...	Member (South Asia / Africa Middle East)
Ian Thackwray	Member (East Asia Pacific/ Holcim Trading S.A.)

Note:

(1) Since September 30, 2014

The business address for each member of the Executive Committee is Holcim Ltd, Zürcherstrasse 156, 8645 Jona, Switzerland.

There have been no convictions of fraud or other finance or business-related crimes against any of the members of the Executive Committee in the last five years, and no legal proceedings against any such member of the Executive Committee by statutory or regulatory authorities (including designated professional associations) are ongoing or have been concluded with a sanction.

Personal information regarding the members of the Executive Committee:

Bernard Fontana

French national, born in 1961. Bernard Fontana holds a Degree in Engineering from the Ecole Polytechnique and the Ecole Nationale Supérieure des Techniques Avancées in Paris. His career began with Groupe SNPE in France. In 1998, he was appointed Head of US Operations, and from 2001 to 2004 was a Member of the Executive Committee in charge of Chemicals and of Industrial Explosives activities. Shortly after joining ArcelorMittal in 2004, he was given responsibility for HR, IT and business development at Flat Carbon. From 2006 to 2007, he was Executive Vice President of ArcelorMittal with responsibility for the Automotive Worldwide Business Unit. In his capacity as Group Management Committee member, he was subsequently responsible for HR and the global alliance with Nippon Steel. From 2010 until 2011 Bernard Fontana was Chief Executive Officer of Aperam, a Luxembourg-domiciled listed corporate group that was spun off from ArcelorMittal in the fall of 2010. Since February 1, 2012, he has been Chief Executive Officer of Holcim Ltd.

Thomas Aebischer

Swiss national, born in 1961. Thomas Aebischer is a Swiss Certified Accountant and alumnus of the Advanced Management Program of the Harvard Business School. He started his career with the tax authorities of the Canton of Berne. From 1988 to 1996, Thomas Aebischer worked with PricewaterhouseCoopers in Hong Kong and Zurich. In 1996, he joined Holcim Group Support Ltd, and from 1998 to 2002 acted as Head of Corporate Controlling. From 2002 to 2003, he was Chief Financial Officer of Holcim Apasco in Mexico and thereafter Chief Financial Officer of Holcim US. He joined the Executive Committee at the beginning of 2011, and, effective April 1, 2011, took over as Chief Financial Officer. Since September 1, 2012 he has held additional responsibility for

Procurement, IT, the Merger & Acquisitions and the HTS Accounting & Administration function. Effective January 1, 2014, the corporate functions Investor Relations as well as Risk Management report to Thomas Aebischer.

Urs Bleisch

Swiss National, born in 1960. He holds a Master's in Business and Economics from the University of Basel. He joined Holcim in 1994 as Head IT of Holcim Switzerland. From 2000 onwards, Urs Bleisch assumed Group-wide responsibility for Information Technology and was instrumental in the development and implementation of the global IT strategy of the Holcim Group. Since 2011, he has managed the Information and Knowledge Management function at Holcim Group Support Ltd. As of September 1, 2012 and as Chief Executive Officer of Holcim Group Services Ltd and of Holcim Technology Ltd, Urs Bleisch leads the global functions Customer Excellence (Marketing & Commercial), Aggregates & Construction Materials, Logistics, Cement Manufacturing, CAPEX Projects, Sustainable Development, Alternative Fuels and Resources, Innovation (including Knowledge Management) and the Program Management Office (PMO) for the Holcim Leadership Journey. On September 1, 2012, Urs Bleisch was appointed Corporate Functional Manager of Holcim Ltd and he reports directly to Chief Executive Officer Bernard Fontana. He was appointed Member of the Executive Committee effective September 30, 2014. He keeps his current responsibilities for Holcim Technology Ltd, Holcim Group Services Ltd, and the project management office of the Holcim Leadership Journey.

Roland Köhler

Swiss national, born in 1953. Roland Köhler, a graduate in business administration from the University of Zurich, joined building materials group Hunziker, Switzerland, in 1988 as Head of Finance and Administration and transferred to Holcim Group Support Ltd as a management consultant in 1994. From 1995 to 1998, he was Head of Corporate Controlling and, from 1999 to end 2001, Head of Business Risk Management. He has headed Corporate Strategy & Risk Management since 2002, and in 2005 became Corporate Functional Manager. On March 15, 2010, he was appointed Member of the Executive Committee and Chief Executive Officer of Holcim Group Support Ltd. Since September 1, 2012, Roland Köhler has been responsible for the Group region Europe, excluding the UK. Effective October 1, 2014, Roland Köhler also took over responsibility for the UK. The enlarged region is named 'Europe'.

Andreas Leu

Swiss national, born in 1967, studied business administration at the University of St. Gallen and holds an MBA from the Johnson Graduate School at Cornell University. After working for the International Committee of the Red Cross (ICRC), he joined Holcim Group Support Ltd in 1999 as a consultant. In 2002, he was appointed General Manager of Holcim Centroamérica, before assuming the position of Chief Executive Officer of Holcim Ecuador in 2003. During 2006 and 2007, he also held the position of Chief Executive Officer of Holcim Venezuela. On August 1, 2008, Andreas Leu was appointed Area Manager of Holcim Ltd, with responsibility for Colombia, Ecuador, Argentina, Chile and Brazil. As of January 1, 2011, Andreas Leu was appointed as Member of the Executive Committee. He is responsible for Latin America. Effective October 1, 2014, Andreas Leu in addition assumed responsibility for USA and Canada. The enlarged region is named 'Americas.'

Bernard Terver

French national, born in 1952, concluded his studies at the Ecole Polytechnique in Paris in 1976. After beginning his career in the steel industry, in 1977 he moved to cement producer CEDEST, which was taken over by Holcim France in 1994. In 1999, Bernard Terver became Chief Executive Officer of Holcim Colombia and in 2003 he was appointed Area Manager for the Andes nations, Central America and the Caribbean. Since October 2008, he has been Chief Executive Officer of Holcim US and, effective November 2010, Chief Executive Officer of Aggregate Industries US. On April 1, 2010, Bernard Terver was appointed Area Manager with responsibility for Holcim US and Aggregate Industries US. As of September 1, 2012, Bernard Terver was appointed Member of the

Executive Committee. As of January 1, 2014, Bernard Terver is responsible for Africa Middle East as well as South Asia, i.e. India, Sri Lanka and Bangladesh.

Ian Thackwray

British national, born in 1958. Ian Thackwray holds an MA (Hons) in Chemistry from Oxford University and is also a chartered accountant. After his studies, he joined Pricewaterhouse and handled major corporate accounts in Europe. In 1985, he started a career with Dow Corning Corporation, serving in various management roles in Europe, North America and particularly in Asia. From 2004 to 2006, he served as Dow Corning's Asian/ Pacific President based out of Shanghai. Between 2006 and 2010, he was Chief Executive Officer of Holcim Philippines. Since the beginning of 2010, he has been a Member of the Executive Committee. As of January 1, 2014, his area of responsibility spans the Region EAPac & Trading. EAPac (East Asia Pacific) includes Southeast Asia, East Asia (primarily China) and Oceania.

12 Board Practices

12.1 Terms of Office of Members of the Administrative and Management Bodies

All members of the Board of Directors are elected by the annual Shareholders' Meeting.

In line with the recent legislation changes, in particular with regard to OaEC, as of the 2014 Annual Shareholders' Meeting:

- The terms of office for all members of the Board of Directors, the Chairman of the Board of Directors and all members of the Nomination & Compensation Committee is one year.
- The Chairman of the Board of Directors and all members of the Nomination & Compensation Committee are elected for a one-year term by the annual Shareholders' Meeting.

The Chairman of the Board of Directors, the members of the Board of Directors and the members of the Nomination & Compensation Committee may be proposed for re-election by the Board of Directors upon motion by the Nomination & Compensation Committee. The Nomination & Compensation Committee bases its motion on a review of the overall performance of each candidate.

12.2 Information on Service Contracts Linking Members of the Administrative and Management Bodies to Holcim Ltd or Any One of Its Subsidiaries

As at the date of the registration on this Registration Document, to Holcim Ltd's knowledge, there are no service contracts linking members of the Board of Directors to Holcim Ltd or any of its subsidiaries that provides them with benefits.

12.3 Functioning of the Administrative and Senior Management Bodies

12.3.1 Organizational Rules of Holcim Ltd

Organizational rules where adopted by the Board of Directors of Holcim Ltd on the basis of Article 716b of the Swiss Code of Obligations and Article 19 of the Articles of Association of Holcim Ltd (the "Organizational Rules"). These rules determine the organization of the Board of Directors and the Executive Committee and govern the powers and duties of the executive bodies of Holcim Ltd.

12.3.2 Board of Directors

12.3.2.1 Organization

The Board of Directors is composed of at least 7 members. All members of the Board of Directors must be shareholders or representatives of an entity that is a shareholder.

It elects one or two of its members as Deputy-Chairmen for one-year and appoints a secretary who does not need to be a member of the Board of Directors nor a shareholder.

The independence of the members of the Board of Directors is defined as per the Swiss Code of Best Practice for Corporate Governance, which provides that independent members are non-executive members of the Board of Directors who have never been a member of the Executive Board, or were members thereof more than three years ago, and who have no or comparatively minor business relations with Holcim.

12.3.2.2 Powers and Duties

As part of its non-transferable statutory responsibilities, the Board of Directors is legally responsible for the ultimate direction, the supervision and control of the management of Holcim Ltd. It passes resolutions on all matters which are not reserved or transferred to the Shareholders' Meeting or another body of Holcim Ltd by law, the Articles of Association of Holcim Ltd or any other rules or regulations.

Within the scope of the Organizational Rules and mandatory statutory provisions, the Board of Directors delegates the preparatory development of the long-term strategy of Holcim Ltd together with the entire operational management and operational administration of Holcim Ltd to the Chief Executive Officer.

The Board of Directors is authorized to delegate the preparation and implementation of its resolutions as well as the supervision of certain aspects of the business to committees constituted by its members or to individuals directors. The Board of Directors is further authorized to fully or partially delegate the management of Holcim Ltd to individual members or to third parties ("Direktoren", "Prokuristen") in accordance with the Organizational Rules.

12.3.2.3 Meetings of the Board of Directors

The Board of Directors meets as often as business requires, but ordinary meetings are generally held four times a year. Any member of the Board of Directors and the Chief Executive Officer may, in writing and stating the reasons therefor, request the Chairman to call a meeting of the Board of Directors.

The meetings are chaired by the Chairman or, in his absence, by the Deputy-Chairman or another member.

One meeting per year is used to define and periodically review the long-term goals and the positioning of Holcim Ltd.

At the Chairman's discretion, the Board of Directors holds meetings with or without members of the Executive Committee in attendance as and when required. The Chairman may invite other persons who are not members of the Board of Directors to attend the meetings in an advisory capacity.

12.3.2.4 Resolutions

The Board of Directors has a quorum if the majority of its members are present. Absent members of the Board of Directors may not be represented. The requirement of presence is met if the members of the Board of Directors are able to communicate simultaneously (e.g. by telephone, video, internet/intranet or other technical means). No attendance quorum is required for the resolutions on an approved and executed capital increase and the corresponding changes to the Articles of Association of Holcim Ltd.

Resolutions of the Board of Directors are passed by the majority of votes cast. In case of a tie, the Chairman has a casting vote.

Resolutions of the Board of Directors may, on the instruction of the Chairman, also be passed in writing unless a member requests discussion. Matters not on the agenda may only be decided upon if all the members of the Board of Directors consent.

In 2014, 6 regular meetings were held. 2 additional meetings focused on strategy topics. The Board of Directors held 5 regular meetings with all members present and 1 meeting with 1 member excused. As a rule, the members of the Executive Committee attended those parts of the regular meetings of the Board of Directors which dealt with operational issues of the Holcim Group. The average duration of each regular meeting was 5 hours.

12.3.3 Executive Committee and Its Members

12.3.3.1 Organization

Members of the Executive Committee (including the Chief Executive Officer) are appointed by the Board of Directors and responsible for the management of Holcim. Within the scope of the Organizational Rules, the members of the Executive Committee (other than the Chief Executive Officer) take over individual tasks and are individually responsible to the Chief Executive Officer for the performance of these tasks.

The Chief Executive Officer assesses the performance of the members of the Executive Committee and, after advice and assessment by the Nomination & Compensation Committee, determines their respective objectives.

The tasks of the management of Holcim Ltd are divided into different areas of responsibility in terms of country, division and function, each of these areas being ultimately supervised and managed by a member of the Executive Committee. One member of the Executive Committee is responsible for each of these sectors.

The members of the Executive Committee may, in concert with the Chief Executive Officer, delegate their tasks in relation to their geographical areas of responsibility to Area Managers, or in relation to their functional areas of responsibility, to Corporate Functional Managers.

12.3.3.2 Powers and Duties

The Executive Committee is responsible for operational management, preparing a large part of the business of the Board of Directors including corporate strategy proposals and executing the latter's resolutions. The Executive Committee issues directives and recommendations with Holcim Group-wide significance in its own authority and is also responsible for electing and dismissing Area Managers, Corporate Functional Managers, Function Heads and Chief Executive Officers of Holcim Group companies, as well as for the nomination of the members of the Board of Directors and supervisory bodies of the Holcim Group companies.

As part of the budget approval process, the Board of Directors defines limits for investments and financings. Within these limits, the Executive Committee decides on financing transactions and on one-off investments and divestments for amounts up to CHF200 million. Amounts beyond this are subject to approval by the Board of Directors. The Board of Directors is regularly informed about important transactions affected by the Executive Committee.

The Executive Committee oversees Business Risk Management following appraisal by the Audit Committee. The Board of Directors is informed annually about the risk situation.

12.3.3.3 Meetings

The meetings of the Executive Committee are called by the Chief Executive Officer as often as the business of Holcim Ltd or the Holcim Group requires. Meetings are generally held once per month. Any member of the Executive Committee may request from the Chief Executive Officer in writing and stating the reasons therefor, to immediately convene a meeting.

At the meetings, the Chief Executive Officer or in his absence the Deputy Chief Executive Officer holds the chair. The Chief Executive Officer may invite other persons who do not belong to the Executive Committee to attend the meeting in an advisory capacity.

The Chief Executive Officer may call further meetings of the Executive Committee outside the formal meetings, to discuss matters of fundamental nature, as the case may be without taking formal resolutions.

12.3.3.4 Resolutions

The Executive Committee has a quorum if the majority of its members are present. The requirement of personal attendance is met if the members of the Executive Committee are able to communicate simultaneously (e.g. by telephone, video, internal/intranet or other technical means). Members of the Executive Committee who are absent exceptionally may arrange to be represented by another member.

Resolutions are passed by a majority of the votes cast. However, regarding all business matters, the Chief Executive Officer has the right to take the decision in place of the Executive Committee (right of final decision).

Abstentions are not counted. In the event of a tie, the Chief Executive Officer has a casting vote.

Dissenting opinions made for the record in the context of resolutions of the Executive Committee are notified by the Chief Executive Officer to the Chairman of the Board of Directors in writing.

12.3.4 Board of Directors' Committees

12.3.4.1 Audit Committee

(a) Organization

The Audit Committee is an expert committee formally appointed by the Board of Directors. The Audit Committee is composed of at least three members of the Board and all of its members must have a basic knowledge of finance and accounting. At least one member must have recognized specialist competence in finance and accounting or experience in financial management. Finally, all members are independent according to the definition of the Swiss Code of Best Practice for Corporate Governance, in order to ensure the necessary degree of objectivity required for an Audit Committee.

The composition of the Audit Committee as at the date of this Registration Document is as follows:

Alexander Gut..Chairman

Beat Hess ....Member

Dieter Spälti ....Member

(b) Powers and duties

The Audit Committee assists and advises the Board of Directors in conducting its supervisory duties, in particular with respect to the internal control systems. It examines and reviews the reporting for the attention of the Board of Directors and evaluates the Holcim Group's external and internal audit procedures, reviews the risk management system and assesses financing issues.

(c) Meetings

The Audit Committee holds an ordinary meeting at least four times a year. The Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer participate at the meetings *ex officio*. At the discretion of the Chairman of the Audit Committee, the external auditors, the Head International Audit, the Chief Compliance Officer, the General Counsel and the Head of Business Risk Management and the members of the Executive Committee and other departments or third parties may be invited to attend all or part of the meetings.

The Audit Committee reports to the Board of Directors and submits the minutes of the Audit Committee to the members of the Board for their information and as a basis for the adoption of relevant resolutions.

In 2014, 4 regular meetings of the Audit Committee were held. All regular meetings were held with all members of the committee present. 3 meetings were also attended by the auditors. At all 4 meetings, the Head of

Group Internal Audit and the Chief Legal & Compliance Officer were present for certain agenda topics. Furthermore, the Chairman of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer attended the meetings of the Audit Committee as guests. The average duration of each meeting was 4.75 hours.

In 2014, the committee reviewed in particular the financial reporting of the Holcim Group, the releases of the quarterly results and the findings of the external auditors, took note of the status of the ICS (internal control system), discussed the findings of the Holcim Group Internal Audit, dealt with compliance and internal directives, and evaluated financing issues. The committee has also evaluated the performance of the external auditors. The Audit Committee's Charter is available at www.holcim.com/corporate_governance.

12.3.4.2 Governance & Strategy Committee

(a) Organization

The Governance & Strategy Committee is an expert committee formally appointed by the Board of Directors. The Governance of Strategy Committee is composed of at least three members of the Board and all of its members must have a basic knowledge in the field of strategic matters including strategic planning and in the field of governance.

The Chairman of the Board *ex officio* acts as the Chairman of the Governance & Strategy Committee.

The composition of the Governance & Strategy Committee as at the date of this Registration Document is as follows:

Wolfgang Reitzle ....Chairman(1)

Beat Hess ....Member

Dieter Spälti ....Member

Anne Wade..Member(2)

Note:

(1) Ex officio as Chairman of the Board of Directors

(2) As of April 29, 2014

(b) Powers and Duties

The Governance & Strategy Committee supports the Board of Directors in all strategy related matters and in all governance related matters insofar as these governance related matters do not fall within the remit of either the Audit Committee or the Nomination & Compensation Committee. It monitors developments regarding strategic and governance related matters and briefs the Board of Directors accordingly. The committee deals with any matters within the Board of Director's authority which are urgent and may arise between scheduled ordinary Board of Directors meetings, including the authorisation to take preliminary action on behalf of the Board, followed by adequate information of the Board of Directors.

(c) Meetings

The Governance & Strategy Committee holds an ordinary meeting at least three times a year. The Chief Executive Officer attends the meetings upon invitation by the Chairman of the Governance & Strategy Committee from time to time. At the discretion of the Chairman of the Governance & Strategy Committee, members of the Executive Committee, other executive bodies within the Holcim Group or third parties may be invited to attend the meetings.

The Governance & Strategy Committee reports to the Board and submits the minutes of the Governance & Strategy Committee to the members of the Board for their information and as a basis for the adoption of resolutions.

In 2014, the Governance & Strategy Committee held 3 regular and 10 additional meetings. All of the regular meetings were attended by all members of the committee. The meetings were also attended by the Chief Executive Officer as a guest, insofar as he was not himself affected by the items on the agenda. The average duration of each meeting was 2.0 hours.

The Charter of the Governance & Strategy Committee may be found at www.holcim.com/corporate_governance.

12.3.4.3 Nomination & Compensation Committee

(a) Organization

The Nomination & Compensation Committee is an expert committee of Holcim Ltd and its members are elected by the Shareholders' Meeting of Holcim Ltd shareholders. The Nomination & Compensation Committee is composed of at least three members of the Board and all of its members (i) must be independent based on the Swiss Code of Best Practice for Corporate Governance and (ii) must have basic knowledge in the field of succession planning, assessment, nomination and remuneration of members of the Board and executives.

The composition of the Nomination & Compensation Committee as at the date of this Registration Document is as follows:

Adrian Loader ....Chairman[(1)]

Wolfgang Reitzle ....Member

Thomas Schmidheiny ....Member

Hanne Birgitte Breinbjerg Sørensen ....Member[(2)]

Note:

(1) Chairman as of April 29, 2014

(2) As of April 29, 2014

In line with the OaEC, each member of the Nomination & Compensation Committee proposed by the Board of Directors was re-elected individually by the shareholders at Holcim's Annual General Meeting held on April 13, 2015 for a term of office of one year until the Annual General Meeting 2016.

(b) Powers and Duties

The Nomination & Compensation Committee supports the Board of Directors in planning and preparing succession at the Senior Management level. It monitors developments with regard to compensation for the Board of Directors and the Senior Management, and briefs the Board of Directors accordingly. The committee decides on the compensation paid to the Executive Committee, on the Chief Executive Officer's targets and performance assessment, and informs the Board of Directors as a whole of the decisions taken.

(c) Meetings

The Nomination & Compensation Committee holds an ordinary meeting at least three times a year. The Chief Executive Officer attends the meetings upon invitation by the Chairman of the Nomination & Compensation Committee from time to time. At the discretion of the Chairman of the Nomination & Compensation Committee, the Executive Committee, other executive bodies within the Holcim Group or third parties may be invited to attend the meetings.

The Nomination & Compensation Committee reports to the Board and submits the minutes of the Nomination & Compensation Committee to the members of the Board for their information and as a basis for the adoption of resolutions.

In 2014, the Nomination & Compensation Committee held 3 regular meetings and 1 additional. All of the regular meetings were attended by all members of the committee. The meetings were also attended by the Chief Executive Officer as a guest, insofar as he was not himself affected by the items on the agenda. The average duration of each meeting was 3 hours.

The Charter of the Nomination & Compensation Committee may be found at www.holcim.com/corporate_governance.

12.4 Statement Relating to Corporate Governance

Holcim Ltd fully adheres to the principles set out in the Swiss Code of Best Practice for Corporate Governance, including its appendix stipulating recommendations on the process for setting compensation for the Board of Directors and the Executive Committee. In connection with Holcim Ltd's listing on the SIX Swiss Exchange, it is subject to, and complies with, the "SIX Swiss Exchange's Directive on Information Relating to Corporate Governance".

Corporate governance puts the focus not only on business risks and the Holcim Group's reputation, but also on corporate social responsibility for all relevant stakeholders. As a responsible enterprise, the Holcim Group recognises the significance of effective corporate governance. The Holcim Group shows respect for society and the environment, communicates in an open and transparent manner and acts in accordance with legal, corporate and ethical guidelines. To underline this, a code of conduct binding on the entire Holcim Group is part of the mission statement since 2004. A number of aspects merit emphasis. According to good governance principles at the Holcim Group, the functions of the Chairman of the Board of Directors and Chief Executive Officer are separate — a key element in ensuring a balanced relationship between management and control. All directors are independent according to the definition of the Swiss Code of Best Practice for Corporate Governance. The information published conforms to the "Corporate Governance Directive of the SIX Swiss Exchange" and the disclosure rules of the Swiss Code of Obligations.

The new Swiss Ordinance Against Excessive Compensation (OaEC), which came into force on January 1, 2014, requires public companies to specify in their Articles of Association a mechanism to permit a say on pay vote, setting out three requirements: (i) the vote on compensation must be held annually, (ii) the vote on compensation must be binding rather than advisory and (iii) the vote on compensation must be held separately for the Board of Directors and members of the executive board. In addition, shareholders will need to determine the details of the say on pay vote in the Articles of Association, in particular the nature of the vote, timing aspects and the consequences of a "no" vote. Each company subject to the OaEC must undertake a first binding vote on management compensation and remuneration of the Board of Directors at its 2015 Annual Shareholders' Meeting. In accordance with the OaEC, the Articles of Association of Holcim Ltd shall be amended and voted on at the annual Shareholders' Meeting of 2015.

12.5 Internal Controls

Internal audit is an independent body. Internal audit assures the existence and pertinence of process controls and integrity of information. Internal audit reports to the Chairman of the Audit Committee and submits regular reports to the Audit Committee. Internal audit does not confine itself to financial matters, but also monitors compliance with external and internal guidelines.

Particular attention is paid to the effectiveness and efficiency of internal management and control systems, including:

- Examining the reliability and completeness of financial and operational information;
- Examining the systems for controlling compliance with internal and external directives such as plans, processes, laws, and ordinances; and
- Examining whether operating assets are safeguarded.

The members of the Board of Directors have access to internal audit at all times. Each year, the Audit Committee defines the audit focal areas to be addressed by internal audit, and the Head of Internal Audit periodically updates the Audit Committee on the activities of internal audit.

13 Remuneration and Benefits

13.1 Financial Compensation of the Governing Bodies of Holcim Ltd

This Section covers the financial compensation of the Board of Directors and Senior Management, as well as compensation of former members of governing bodies of Holcim Ltd.

13.1.1 Architecture of the Pay-Setting Process

The Nomination & Compensation Committee advises and supports the Board of Directors, among other things, in determining the compensation policy and the compensation of the Board of Directors and Senior Management. It holds ordinary meetings at least three times a year.

At the beginning of the year, the degree of achievement of objectives for the previous year is assessed and objectives are set for the current year. The Chief Executive Officer makes proposals for the assessment of the members of the Executive Committee and assesses the performance of the other members of Senior Management. On the basis of these proposals, the Nomination & Compensation Committee decides on the assessment of the members of the Executive Committee and takes due note of the assessment of the performance of the other members of Senior Management. Also, at the meeting at the beginning of the year, the Nomination & Compensation Committee determines the total financial compensation of the Executive Committee on a yearly basis, with the Board of Directors taking due note. On a yearly basis, the Chief Executive Officer determines the financial compensation of the other members of Senior Management, with the Nomination & Compensation Committee taking due note. In autumn, the Nomination & Compensation Committee reviews the financial compensation of the Board of Directors for the coming year. If necessary, it proposes adjustments to the Board of Directors.

The Chairman of the Nomination & Compensation Committee may invite members of the Executive Committee, other officers of the Holcim Group or third parties to attend the meetings. After each Nomination & Compensation Committee meeting, the Board is informed of the topics discussed, decisions taken and recommendations made.

13.1.2 Compensation Policy

Board of Directors

The members of the Board of Directors receive a fixed fee, consisting of a set remuneration in cash and shares in Holcim Ltd. The shares are subject to a five-year sale and pledge restriction period. The Chairman and Deputy Chairmen of the Board of Directors and Chairmen and members of the Audit Committee, the Nomination & Compensation Committee and the Governance & Strategy Committee receive additional compensation.

Senior Management

In 2014, the Senior Management of Holcim Ltd included the Executive Committee, the Area Managers and the Corporate Functional Managers. The total annual compensation of Senior Management comprises a base salary and a variable compensation element. Members of Senior Management are insured in the pension fund. The base salary of members of Senior Management is fixed and is paid in cash.

The variable compensation comprises a Holcim Group-related and an individual component. Assuming that all targets are achieved as per December 31 of the year, the variable compensation of Senior Management (excluding the Chief Executive Officer) accounts for between 48 per cent. and 90 per cent. of base salary, depending on the function concerned, and 92 per cent. in case of the Chief Executive Officer. For both the Holcim Group-related and the individual components, a "target" amount is determined at the beginning of the year. This amount is only paid out if the objectives set are achieved by 100 percent, and so is variable. Minimum and maximum objective achievement levels are also set, for which the respective minimum and maximum payout factors apply, as detailed below. Payout factors in between are interpolated on a linear basis according to objective achievement levels.

The Holcim Group-related component depends on the financial results of the Holcim Group. If all objectives are achieved at target as per December 31 of the relevant year, it accounts for an average of 61 per cent. of variable compensation for Senior Management (excluding the Chief Executive Officer) and 56 per cent. in the case of the Chief Executive Officer. It is calculated on the basis of the operating EBITDA and return on invested capital after tax ($ROIC_{AT}$) achieved. Both objectives are weighted equally, except for Area Managers, for whom 60 per cent. derives from the operating EBITDA component and 40 per cent. from the $ROIC_{AT}$ component. For each component, a target objective (which, if achieved, results in 100 per cent. of the targeted variable compensation being paid) and maximum and minimum target levels (which, if achieved, result in 200 per cent. and 0 per cent. of the targeted variable compensation being paid, respectively) are set. The Holcim Group component of the variable compensation was set at between CHF120,000 and CHF550,000 for Senior Management (excluding the Chief Executive Officer), depending on the function and based on 100 per cent. target objective achievement, and at CHF901,600 for the Chief Executive Officer.

The performance share plan ("PSP") approved for implementation from January 1, 2014 for Chief Executive Officer, Executive Committee, Senior Management and Function Heads was put on hold due to the merger project. The PSP would complement the existing variable compensation comprising Holcim Group-related and individual components. It is based on a combination of internal and external long-term targets set by the Nomination & Compensation Committee. Target achievement is measured over a three year period; depending on the level of achievement, the performance shares cliff vest after the performance period of three years. Award level and long-term targets are aligned with market practice. Good leaver provisions apply. For the Chief Executive Officer and the members of the Executive Committee, claw-back provisions apply.

In view of the extended period between the announcement of the merger between Holcim and Lafarge and its closing, the Nomination & Compensation Committee has reviewed the cash compensation arrangements with certain members of the Executive Committee and Senior Management and put in place appropriate measures for the purpose of retention. The details will be finalized and disclosed in 2015.

For the year 2014, the operating EBITDA targets were set at 5 per cent. like-for-like growth versus the previous year (Area Managers at achievement of the budgeted regional operating EBITDA margin) and at $ROIC_{AT}$ of 8 per cent. The $ROIC_{AT}$ target was set based on the defined weighted average cost of capital after tax ($WACC_{AT}$) of 8 per cent. The minimum and maximum payout factors were set at ±20 per cent. for the operating EBITDA target (for Area Managers –2.5/+5 percentage points of the regional operating EBITDA margin) and at ±3 percentage points for the $ROIC_{AT}$ target. In 2014, operating EBITDA increased on a comparable "like-for-like" basis and adjusted for merger costs by 4.0 percent, and the regional operating EBITDA margin was below budget by 1.8 percentage points on average, while $ROIC_{AT}$ reached 7.3 per cent. This corresponds to an achievement level of 96 per cent. (operating EBITDA; regional operating EBITDA margin 48 percent) and 76 per cent. ($ROIC_{AT}$). Senior Management (excluding the Chief Executive Officer) achieved a payout factor of 78 percent, and the Chief Executive Officer 86 per cent. The Holcim Group component is paid in the form of registered shares in Holcim Ltd, subject to a five-year sale and pledge restriction period, and a cash component of approximately 33 per cent. Allotted shares are valued at the average market price in the period from January 1, 2015 to February 15, 2015, and are either taken from treasury stock or purchased from the market.

The individual component for Senior Management (excluding the Chief Executive Officer) amounts to around 39 per cent. of the variable compensation, if all objectives are achieved as per December 31, and for the Chief Executive Officer to 44 per cent. It depends on the performance of the individual. A range of quantitative and qualitative individual objectives are set for all members of Senior Management depending on their roles and responsibilities. These measurable objectives are weighted and relate to functional performance, strategic objectives, operational objectives and specific project-related objectives. For each objective, an achievement level in percent is determined depending on target achievement, resulting in a total achievement factor between 0 per cent. and 100 per cent. The total achievement factor is then multiplied by the targeted variable compensation to determine the amount of the individual component. For the year 2014, the individual component of the variable compensation, at 100 per cent. target achievement, was set at between CHF120,000 and CHF350,000 for Senior Management (excluding the Chief Executive Officer), depending on the function concerned, and CHF708,400 for the Chief Executive Officer. The average target objective achievement and the payout factor for Senior Management (excluding the Chief Executive Officer) came to 76 percent, and for the Chief Executive Officer to 93 per cent. The individual component is paid in the form of options on registered shares in Holcim Ltd and a cash component of around 33 per cent.

The exercise price of the options corresponds to the stock market price at the grant date. The options are restricted for a period of three years following the grant date and have an overall maturity period of eight years. The options are valued in accordance with the Black Scholes model (input parameters are detailed in note 33 to the Consolidated Financial Statements of Holcim as of and for the year ended December 31, 2014). The company reserves the underlying shares from treasury stock or purchases them from the market on the grant date of the options.

13.1.3 Pension Scheme for Senior Management

The base salaries of Senior Management are insured in a layered pension plan system, which includes the state-controlled social security schemes, i.e. AHV/IV, the Holcim Pension Fund, the Holcim Supplementary Pension Fund and the Gemini Pension Fund. With the exception of the Swiss Federal AHV/IV and some local social security systems, all pension plans are defined contribution promises offering benefits payable in the form of retirement, disability, children, surviving spouse and orphans' pensions or equivalent lump sums.

The Nomination & Compensation Committee has reviewed and determined the pension scheme for Senior Management as of June 30, 2005, and February 23, 2010. Accordingly, the pension scheme for Executive Committee members and the Chief Executive Officer is targeted to achieve, at the retirement age of 62 and based on 10 years of service in Senior Management and 20 years of service with the Holcim Group, an amount of 40 per cent. of the average of the last three annual base salaries, or 50 per cent. for other senior managers, taking into account all pension schemes related to current and past occupation, including state-controlled social security schemes. Early or deferred retirement leads to adjustments based on actuarial calculations.

In the event of differences between the actual pension fund benefits and the target pension, the Nomination & Compensation Committee decides in view of forthcoming retirements about possible contributions to the individual insurance accounts. No contributions were made in 2014 and 2013.

13.1.4 Employment Contracts for Senior Management

The contracts of employment of Senior Management are concluded for an indefinite period of time and may be terminated with one year's notice. Contracts of employment no longer include severance compensation.

Upon appointment, members of the Executive Committee may be granted a single allotment of options on registered shares in Holcim Ltd by the Nomination & Compensation Committee. The options are restricted for nine years and have a maturity period of twelve years. The company reserves the underlying shares as part of treasury stock or purchases them from the market. Individual allotments made during recent years are shown in Section 13.3.2 of Part II.

Options allotted upon appointment to the Executive Committee are subject to forfeiture without compensation, for as long as they are restricted, if the Executive Committee member leaves the Holcim Group, except in the case of retirement, death or disability. Shares and options received as part of annual remuneration may not be sold or pledged until the end of the restriction period. If a member steps down from Senior Management, the restriction period for such shares and options allocated as part of the annual remuneration remains in force without any adjustment in terms of duration.

13.1.5 Compensation of the Board of Directors and Senior Management

The table below discloses the compensation of the Board of Directors in 2014 in detail and that of the 16 members of Senior Management in aggregate, as well as the highest amount attributed to a member of Senior Management individually. The amounts disclosed are based on the accrual principle and relate to 2014 performance.

In 2014, twelve non-executive members of the Board of Directors received total remuneration of CHF3.7 million (2013: 3.4) of which CHF2.3 million (2013: 2.2) was paid in cash, CHF0.1 million (2013: 0.1) was granted in the form of post-employment benefits, and CHF1.0 million (2012: 0.9) was paid in shares. Other compensation paid totaled CHF0.2 million (2013: 0.2).

The total annual compensation for the members of Senior Management (including Chief Executive Officer) amounted to CHF32.3 million (2013: 25.9). This amount comprises base salaries and variable cash compensation of CHF19.6 million (2013: 15.1), share-based compensation of CHF5.0 million (2013: 3.7), employer contributions to pension plans of CHF7.2 million (2013: 6.6) and "other" compensation of CHF0.5 million (2013: 0.5). The Chief Executive Officer received a base salary plus variable compensation in cash of CHF3.8 million (2013: 2.1), share-based compensation of CHF1.0 million (2013: 0.7), and employer contributions to pension benefits of CHF0.5 million (2013: 0.5). As a result, the Chief Executive Officer's total compensation, amounted to CHF5.2 million (2013: 3.2). In accordance with the Ordinance Against Excessive Compensation, the base salary and the variable cash compensation are disclosed, including foreign withholding tax. The contribution to pension plans also include the employer's contributions to social security (AHV/IV).

Compensation Board of Directors/Senior Management[1]

The reference date for the details set out in the table below is December 31, 2014.

Name	Position		Base Salary Cash	Shares[2]
		Number		3,607
Wolfgang Reitzle	Member of the Board of Directors, Chairman since April 29, 2014, Chairman of the Governance & Strategy Committee since April 29, 2014, Member of the Nomination & Compensation Committee	CHF	633,333	240,000
		Number		1,403
Beat Hess..	Deputy Chairman, Member of the Audit Committee, Member of the Governance & Strategy Committee	CHF	386,667	93,333
		Number		1,403
Alexander Gut...................................	Member of the Board of Directors, Chairman of the Audit Committee	CHF	210,000	93,333
		Number		401
Erich Hunziker..................................	Deputy Chairman and Member of the Board of Directors until April 29, 2014, Chairman of the Nomination & Compensation Committee until April 29, 2014, Member of the Governance & Strategy Committee until April 29, 2014	CHF	106,667	26,667
		Number		1,403
Adrian Loader...................................	Member of the Board of Directors, Member of the Nomination & Compensation Committee until April 29, 2014, Chairman of the Nomination & Compensation Committee since April 29, 2014	CHF	160,833	93,333
		Number		1,002
Jürg Oleas	Member of the Board of Directors since April 29, 2014	CHF	66,667	66,667
		Number		401
Andreas von Planta	Member of the Board of Directors until April 29, 2014, Member of the Audit Committee until April, 2014	CHF	36,667	26,667
		Number		1,403
Thomas Schmidheiny........................	Member of the Board of Directors, Member of the Nomination & Compensation Committee	CHF	154,133 (4)	93,333
		Number		1,403
Hanne Sørensen	Member of the Board of Directors, Member of the Nomination & Compensation Committee since April 29, 2014	CHF	120,328	93,333
		Number		401
Rolf Soiron	Chairman and Member of the Board of Directors until April 29, 2014, Chairman of the Governance & Strategy Committee until April 29, 2014	CHF	198,560	26,667
		Number		1,403
Dieter Spälti......................................	Member of the Board of Directors, Member of the Audit Committee, Member of the Governance & Strategy Committee	CHF	156,667	93,333
		Number		1,403
Anne Wade	Member of the Board of Directors, Member of the Governance & Strategy Committee since April 29, 2014	CHF	116,995	93,333
Total Board of Directors (non-		**Number**		**15,633**
executive members).........................		**CHF**	**2,347,517**	**1,039,999**
		Number		
Bernard Fontana[5].............................	Chief Executive Officer	CHF	1,750,000	
Variable compensation in percentage of base salary................				
		Number		
Total senior management[6]		**CHF**	**13,668,400**	
Variable compensation in percentage of base salary................				

Notes:

(1) Compensation for the Board of Directors and Senior Management is disclosed gross of withholding tax and employee social security contributions. "Other compensation" includes employer contributions to pension plans (state old age and survivors insurance [AHV]/disability insurance [IV], pension funds) as well as a lump sum allowance, long-service benefits, government child payments, etc. The parameters for the fair value calculation of shares and options allocated in 2014 are disclosed in note 33 "Share compensation plans".

(2) The shares were valued at the average market price in the period from January 1, 2015 to February 15, 2015, and are subject to a five-year sale and pledge restriction period.

	Variable Compensation						
Name	**Cash**	**Shares[2]**	**Options[3]**	**Other compensation Employer contributions to pension plans**	**Others**	**Total compensation 2014**	**Total compensation 2013**
Wolfgang Reitzle				12,304	50,000	935,637	190,192
Beat Hess				22,632	10,000	512,632	434,116
Alexander Gut				13,894	10,000	327,227	257,814
Erich Hunziker				5,139	3,333	141,806	419,259
Adrian Loader					10,000	264,166	190,000
Jürg Oleas					6,667	140,001	
Andreas von Planta				4,967	3,333	71,634	208,744
Thomas Schmidheiny				9,286	10,000	266,752	228,885
Hanne Sørensen					10,000	223,661	116,080
Rolf Soiron				13,016	41,667	279,910	758,571
Dieter Spälti				11,147	10,000	271,147	229,774
Anne Wade					10,000	220,328	116,080
Total Board of Directors (non-executive members)				**92,385**	**175,000**	**3,654,901**	**3,149,515**(7)
Bernard Fontana	2,020,845	7,765 516,619	30,253 436,849	489,592	26,000	5,239,905	3,219,414
Variable compensation in percentage of base salary		**170.0 %**					
Total Senior Management[(6)]	**5,971,261**	**45,368 3,018,261**	**139,199 2,010,020**	**7,158,546**	**468,543**	**32,295,031**	**25,872,834**
Variable compensation in percentage of base salary		**80.5 %**					

Notes:

(1) Value of the options according to the Black Scholes model at the time of allocation

(2) Including director's fees from subsidiary companies.

(3) Member of Senior Management receiving the highest compensation.

(4) Including Chief Executive Officer.

(5) The total compensation of the Board of Directors in 2013 amounted to CHF3,366,431 and included the compensation of a Board member leaving in 2013.

13.2 Compensation of Former Members of Governing Bodies

In 2014, compensation in the amount of CHF3.5 million (2013: 2.8) was paid to six (2013: ten) former members of the Senior Management.

13.3 Shareholdings and Loans

13.3.1 Shares and Options Owned by the Board of Directors

On December 31, 2014, non-executive members of the Board of Directors held a total of 65,843,343 registered shares representing 20.13 per cent. of the total voting rights in Holcim Ltd. This number comprises privately acquired shares and those allotted under participation and compensation schemes. As of the end of 2014 non-executive members of the Board of Directors do not hold any options from compensation and participation schemes.

Until the announcement of market-relevant information or projects, the Board of Directors, Senior Management and any employees involved are prohibited from effecting transactions with equity securities or other financial instruments of Holcim Ltd, exchange listed Holcim Group companies or potential target companies (trade restriction period).

Number of Shares Held by the Board of Directors as of December 31, 2014[(1)]

Name	Position	Total number of shares 2014
Wolfgang Reitzle	Chairman, Governance & Strategy Committee Chairman	2,241
Beat Hess	Deputy Chairman	4,693
Alexander Gut	Member, Audit Committee Chairman	4,092
Adrian Loader	Member, Nomination and Compensation Committee Chairman	10,493
Jürg Oleas	Member	0
Thomas Schmidheiny	Member	65,777,912
Hanne Sørensen	Member	1,015
Dieter Spälti	Member	41,912
Anne Wade	Member	985
Total Board of Directors		**65,843,343**

Number of Shares Held by the Board of Directors as of December 31, 2013[(1)]

Name	Position	Total number of shares 2013
Rolf Soiron	Chairman, Governance & Strategy Committee Chairman	39,514
Beat Hess	Deputy Chairman	3,515
Erich Hunziker	Deputy Chairman, Nomination & Compensation Committee Chairman	13,551
Alexander Gut	Member, Audit Committee Chairman	2,914
Adrian Loader	Member	9,315
Andreas von Planta	Member	13,309
Wolfgang Reitzle	Member	1,063
Thomas Schmidheiny	Member	65,776,734
Hanne Sørensen	Member	230
Dieter Spalti	Member	40,413
Anne Wade	Member	200
Total Board of Directors		**65,900,758**

Notes:

(1) From allocation, shares are subject to a five-year sale and pledge restriction period.

13.3.2 Shares and Options Owned by Senior Management

As of December 31, 2014, members of Senior Management held a total of 173,707 registered shares representing 0.05 per cent. of the total voting rights in Holcim Ltd. This figure includes both privately acquired shares and those allocated under the Holcim Group's participation and compensation schemes.

Furthermore, as of December 31, 2014, Senior Management held a total of 548,184 share options representing, if fully exercised, approximately 0.16 per cent. of the total voting rights in Holcim Ltd at such date; these arose as a result of the participation and compensation schemes of various years. Options are issued solely on registered shares in Holcim Ltd. One option entitles the holder to subscribe to one registered share in Holcim Ltd.

Number of Shares and Options Held by the Senior Management as of December 31, 2014[(1)]

Name	Position	Total number of shares 2014	Total number of call options 2014
Bernard Fontana	Chief Executive Officer	10,113	73,794
Thomas Aebischer	Member of the Executive Committee, Chief Financial Officer	12,285	67,474
Urs Bleisch	Member of the Executive Committee[(2)]	3,921	38,563
Roland Köhler	Member of the Executive Committee	18,291	87,495
Andreas Leu	Member of the Executive Committee	19,302	69,934
Bernard Terver	Member of the Executive Committee	25,439	49,123
Ian Thackwray	Member of the Executive Committee	11,696	81,719
Horia Adrian	Area Manager	2,500	4,251
Daniel Bach	Area Manager[(3)]	1,785	0
Alain Bourguignon	Area Manager[(3)]	4,358	0
Javier de Benito	Area Manager	23,737	16,501
Urs Fankhauser	Area Manager	6,175	11,077
Kaspar E.A. Wenger	Area Manager	19,932	4,952
Jacques Bourgon	Corporate Functional Manager	5,480	24,872
Xavier Dedullen	Corporate Functional Manager	333	2,373
Aidan Lynam	Corporate Functional Manager[(4)]	8,360	16,056
Total Senior Management		**173,707**	**548,184**

Number of Shares and Options Held by the Senior Management as of December 31, 2013[(1)]

Name	Position	Total number of shares 2013	Total number of call options 2013
Bernard Fontana	Chief Executive Officer	5,489	55,302
Thomas Aebischer....................	Member of the Executive Committee, Chief Financial Officer	9,464	56,548
Paul Hugentobler......................	Member of the Executive Committee	40,843	96,050
Roland Köhler	Member of the Executive Committee	15,470	80,402
Andreas Leu	Member of the Executive Committee	16,481	69,934
Bernard Terver	Member of the Executive Committee	22,618	42,819
Ian Thackwray..........................	Member of the Executive Committee	8,875	70,091
Horia Adrian	Area Manager	2,280	1,228
Javier de Benito.......................	Area Manager	22,858	27,269
Urs Frankhauser	Area Manager	5,107	7,835
Aidan Lynam............................	Area Manager	7,482	12,718
Onne van der Weijde...............	Area Manager	3,152	3,378
Kaspar E.A. Wenger................	Area Manager	19,759	1,228
Urs Bleisch	Corporate Functional Manager	3,306	939
Jacques Bourgon	Corporate Functional Manager	4,865	24,410
Xavier Dedullen	Corporate Functional Manager[2]	0	0
Total Senior Management		**188,049**	**550,151**

Notes:

(1) From allocation, shares are subject to a five-year and options to a three-year and nine-year sale restriction period respectively.

(2) Since October 1, 2014.

(3) Since January 1, 2014.

(4) Since February 6, 2014.

Movements in the number of share options outstanding held by Senior Management are as follows:

	Number[1]	
	2014	**2013**
January 1,	**550,151**	**508,587**
Decrease due to change in Senior Management	6,116	0
Decrease due to retirements	70,499	0
Granted and vested (individual component of variable compensation)	99,532	96,480
Granted and vested (single allotment)	33,550	11,183
Exercised	11,530	66,099
Lapsed	46,904	0
December 31,	**548,184**	**550,151**
Of which exercisable at the end of the year	85,982	136,963

Note:

(1) Adjusted to reflect former share splits and/or capital increases.

The share options outstanding held by Senior Management (including former members) at year-end 2014 have the following expiry dates and exercise prices:

Option grant date	Expiry date	Exercise price[(1)]	Number[(1)]	
		(CHF)	**2014**	**2013**
2002	2014	67.15	0	122,737
2003	2015[(2)]	67.15	0	33,550
2004	2016[(2)]	67.15	23,550	33,550
2005	2014[(2)]	74.54	0	71,423
2006	2014	100.69	0	58,573
2007	2015	125.34	49,674	49,674
2008	2016	104.34	71,083	71,083
2008	2020	67.15	33,550	33,550
2009	2017	38.26	153,482	224,478
2010	2018	71.15	99,493	131,631
2010	2022	75.40	33,550	33,550
2010	2022	81.45	33,550	33,550
2011	2019	67.15	113,957	149,763
2011	2023	71.50	67,100	67,100
2012	2020	58.50	179,894	179,894
2012	2024	67.15	33,550	33,550
2013	2021	71.90	122,770	122,770
2013	2025	71.50	11,183	11,183
2014	2022	69.15	99,532	0
2014	2026	71.50	33,550	0
Total			**1,159,468**	**1,461,609**

Notes:

(1) Adjusted to reflect former share splits and/or capital increases.

(2) Due to trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.

In 2014, one new Executive Committee member was granted in total 33,550 options.

13.3.3 Loans Granted to Members of Governing Bodies

As at December 31, 2014, there were no loans outstanding to members of Senior Management. There were no loans to members of the Board of Directors or to parties closely related to members of governing bodies.

13.4 Other Transactions

As part of the employee share purchase plan, Holcim manages employees' shares. It sells and purchases Holcim Ltd shares to and from employees and in the open market. In this context, the company purchased Holcim Ltd shares of CHF0.1 million (2013: 0.1) at the stock market price from members of Senior Management.

No compensation was paid to parties closely related to members of the governing bodies.

14 Employees

14.1 Investing in People: Reinforcing the Foundation on Which to Build and Grow

Holcim knows that the success of its organization depends on the success of its people. With around 68,000 employees in 70 countries, the Holcim Group's reach is global. To benefit from this diversity and spread, Holcim continuously aligns its people processes to reinforce the right foundation upon which to build and grow.

Values and behaviors

The values of Strength. Performance. Passion. are integral to Holcim's strategy. The Holcim Group focuses on behaviors that set standards against which all employees are measured. The six behaviors are customer excellence, drive for results, collaboration, integrity, develop yourself and others, and change/ inspirational leadership. Together, the values and behaviors form an intrinsic part of Holcim's culture and identity.

14.2 Employee Structure

The Holcim Group employed 67,584 employees as at 31 December 2014, 70,857 employees as at 31 December 2013 and 76,359 employees as at 31 December 2012.

Group employees by segments	2014	2013	2012
Cement[1]	44,403	47,179	50,293
Aggregates	5,722	5,812	6,379
Other construction materials and services	16,825	17,376	19,421
Diverse	634	490	266
Total Group	**67,584**	**70,857**	**76,359**

Note:

(1) Including all other cementious materials.

Group employees by region	2014	2013	2012
Asia Pacific	31,850	34,080	36,523
Latin America	10,733	11,181	11,765
Europe	15,399	15,868	17,924
North America	6,777	6,791	7,136
Africa Middle East	1,928	2,128	2,153
Service and trading companies	897	809	858
Total Group	**67,584**	**70,857**	**76,359**

Composition of senior managers 2014	Male	Female	Total	Percentage of women
Top management level	306	36	342	11%
Senior management level	1,549	168	1,717	10%
Middle management level	5,571	871	6,442	14%
Total	**7,426**	**1,075**	**8,501**	**13%**

Personnel expenses in 2014 by function and region	Production and distribution	Marketing and sales	Administration	Total
		(CHF million)		
Asia Pacific	568	94	204	866
Latin America	310	67	91	468
Europe	777	128	219	1,124
North America	626	50	86	762
Africa Middle East	52	10	32	94
Service and trading companies	43	20	161	224
Total Group	**2,377**	**368**	**793**	**3,538**

14.3 Employee Share Purchase Plan

Holcim has an employee share ownership plan for all employees of Swiss subsidiaries and some executives from Holcim Group companies. This plan entitles employees to acquire a limited amount of discounted Holcim shares generally at 70 per cent. of the market value based on the prior-month average share price. The shares cannot be sold for a period of two years from the date of purchase.

15 Major Shareholders

15.1 Share Interests of Board of Directors and Senior Management

As of December 31, 2014, the members of the Board of Directors and Senior Management of Holcim held directly and indirectly in the aggregate 66,017,050 registered shares (2013: 66,088,807) and no rights to acquire further registered shares and 548,184 call options on registered shares (2013: 550,151).

15.2 Important Shareholders

The table below sets out the number of Holcim Shares held and the percentage of voting rights of those shareholders that hold more than 3 per cent. of the share capital of Holcim Ltd.

To the knowledge of Holcim, the number of Holcim Shares and percentages of voting rights, calculated on the basis of the 327,086,376 Holcim Shares recorded in the commercial register as of the date of this Registration Document, are as set forth in the table below. The numbers set forth in the table below do not reflect the shareholdings and voting rights after closing of the Exchange Offer.

	Number of shares held	**% of voting rights**
Schweizerische Cement-Industrie-Aktiengesellschaft[1]	65,777,912	20.11%
Eurocement Holding AG[2]	35,402,772	10.82%
Harris Associates L.P.[3].	16,163,815	4.94%
Harbor International Fund[4]	9,840,977	3.01%
Total	**127,185,476**	**38.88%**

Note:

(1) Schweizerische Cement-Industrie-Aktiengesellschaft is indirectly held by Thomas Schmidheiny via Perinvest AG, who is resident at Zürcherstrasse 156, 8645 Rapperswil-Jona, Switzerland. Schweizerische Cement-Industrie-Aktiengesellschaft is a Swiss company limited by shares having its registered office at Zürcherstrasse 156, 8645 Rapperswil-Jona Switzerland.

(2) Eurocement Holding AG is held by Filaret Galchev-Kaltsidis, having its address at c/o JSC Eurocement Group, M Golovin Lane, Building 1, Moscow 107045 Russia. The registered address of Eurocement Holding AG is Bahnhofstrasse 78, 8001 Zürich, Switzerland.

(3) Harris Associates L.P. includes Oakmark International Fund and Oakmark Global Fund. Both funds have their registered address at S. Wacker Drive, Suite 4600, Chicago, IL 60606 USA and are managed and controlled by Harris Associates Investment Trust having its registered place of business at 111 S. Wacker Drive, Suite 4600, Chicago, IL 60606 USA.

(4) Harbor International Fund (a series of Harbor Funds) has its address at 111 South Wacker Drive, 34th Floor, Chicago, IL 60606 USA.

Holcim's major shareholders do not have different voting rights than other Holcim's shareholders.

To the extent known to Holcim, Holcim Ltd is not directly or indirectly owned or controlled.

To the extent known to Holcim, there is no arrangement the operation of which may at a subsequent date result in a change in control of Holcim Ltd.

15.3 Free Float

The free float as defined by the SIX Swiss Exchange stands at 69 per cent. at year-end 2014.

16 Related Party Transactions

Please see note 40 to the 2014 consolidated financial statements of the Holcim Group.

17 Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

17.1 Holcim Consolidated Financial Statements for the Years Ended December 31, 2014, 2013 and 2012

Please refer to Section 1 of Part IV.

17.2 Dividend Policy

Dividends are distributed annually. In 2003, the Board of Directors determined that one-third of Holcim Group net income attributable to shareholders of Holcim Ltd should be distributed. Holcim's Annual General Meeting held on April 13, 2015 approved a payout from capital contribution reserves of CHF1.30 per registered share. The payment took place on April 17, 2015.

In order for Holcim to declare and pay distributions, the distribution must be approved by shareholders holding absolute majority of the shares represented at the Shareholders' Meeting. The Board of Directors of Holcim Ltd may propose distributions in the form of an ordinary dividend or in the form of a distribution of cash or property that is based upon a reduction of Holcim's share capital recorded in the commercial register.

Ordinary dividends may be paid only if Holcim has sufficient distributable profits from previous years or freely distributable reserves to allow the distribution of a dividend, in each case as presented on Holcim's annual statutory standalone balance sheet prepared in accordance with Swiss company law. Holcim's auditors must confirm that the proposal made by the Board of Directors to the shareholders regarding the appropriation of Holcim's available earnings conforms to the requirements of the CO and Holcim's Articles of Association (*Statuten*). Furthermore, in order for Holcim to pay dividends to its shareholders out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*), a Shareholders' Meeting must approve by the absolute majority of votes cast the reclassification of such reserves from capital contributions (*Reserven aus Kapitaleinlagen*) to freely distributable reserves (to the extent permissible by the CO). Dividends paid on shares are subject to Swiss federal withholding tax, except if paid out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*).

A distribution of cash or property that is based upon a reduction of Holcim's share capital requires a special audit report confirming that the claims of Holcim's creditors remain fully covered by Holcim's assets despite the reduction in the share capital recorded in the commercial register. Upon approval by the Shareholders' Meeting of the capital reduction, the Board of Directors must give public notice of the capital reduction in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) three times and notify Holcim's creditors that they may request within two months of the third publication, satisfaction of or security for their claims. Distributions of cash or property that are based upon a capital reduction are not subject to Swiss federal withholding tax.

All shares are equally entitled to dividends and other distributions paid by Holcim with respect to the shares, if any. Dividends of Holcim, if any, are declared and paid in Swiss francs. Holders of shares will be entitled to any declared and paid dividends for the fiscal year 2015 forward.

Dividend payments and payouts of the past five years	Total Amount	Amount per share
	(CHF)	
2015	423,661,168	1.30
2014	423,508,284	1.30
2013	374,326,672	1.15
2012	325,009,048	1.00
2011	479,656,989	1.50
2010	479,890,464	1.50

17.3 Legal and Arbitration Proceedings

Competition Proceedings

Competition Law Compliance Initiative

Since 2003, the Holcim Group has had a code of conduct including principles of fair competition and has initiated a compliance programme called "Value Creation in a Competitive Environment" ("**VCCE**") (including fair competition reviews) across the Holcim Group. The code of conduct as well as the standards and procedures provided by the VCCE programme are regularly monitored and strictly enforced.

All competition law proceedings or investigations disclosed below may involve a risk of significant fines for the Holcim Group company involved in the proceeding. The amount of such fines depends on a variety of factors, but is usually based on the turnover of the respective Holcim Group company. Any competition law order or court decision may also trigger additional civil litigation.

Australia

In September 2008, the Australian Competition and Consumer Commission ("**ACCC**") filed proceedings against Cement Australia Holdings Pty Ltd, in which the Holcim Group holds a 50 per cent. interest, and against three related companies of Cement Australia Holdings Pty Ltd in the Federal Court, Brisbane, and also against the managing director and the business manager of the fly ash business for alleged breaches of the Trade Practices Act 1974. The ACCC alleged that, in entering into and amending a contract to acquire fly ash from the Millenium Power Station in south east Queensland, the defendants breached Sections 45 of the Australian Competition and consumer Act (the "**ACCA**"), which outlaws contracts or arrangements that lessen competition, and Section 46 of the ACCA, which prohibits abuses of market position. Specifically, the ACCC alleged that Cement Australia Holdings Pty Ltd and related companies had no commercial need for the contracted fly ash from Millmerran Power Station, and by contracting for the fly ash, took advantage of their market power for the purpose of preventing entry and competitive conduct in the relevant concrete-grade fly ash market. On September 10, 2013, the Federal Court in Brisbane decided that the named respondents had indeed breached Section 45 of the ACCA. However, the Federal Court could not find any breach of Section 46 of the ACCA. The Federal Court reserved its decision on costs and no decision was made on any penalties. The case centers on alleged events dating back to 2002. The Federal Court formalised the interim orders on February 28, 2014. A hearing in relation to penalties was held in December 2014 with a decision on penalties likely to be delivered in the first half of 2015. It is at this time that time will begin to run in relation to any appeal.

Belgium

On January 24 and 25, 2007 the Belgian Competition Auditor conducted on-site inspections at the premises of a number of cement producers (including the Holcim's Belgian premises) regarding an alleged market sharing and/or boycott by such cement producers. On April 12, 2010, the Belgian Competition Auditor issued a statement of objections in relation to the alleged anti-competitive practices from 2000 to 2004 and potentially later. Specifically, the Belgian Competition Auditor focused on the alleged existence of an agreement and/or a concerted practice having as its object to exclude from the Belgian grey cement market a Dutch competitor selling ground granulated blast furnace slag to concrete producers. This exclusion would be the result of joint lobby activities by the defendants to hinder or delay the approval of certain authorisations and standards necessary to enter the Belgian market. In its press release issued on August 30, 2013, the Belgian Competition Council announced that it had decided that several producers, among which the Holcim's Belgian subsidiary, an association and a technical research centre, had violated the prohibition of agreements and concerted practices restricting competition and imposed fines for a total amount of approximately EUR14.7 million. The fine against the Holcim's Belgian subsidiary is approximately EUR5.8 million. The Holcim's Belgian subsidiary appealed the Council's decision.

Brazil

In 2006, the Secretariat of Economic Law of the Ministry of Justice ("**SDE**") initiated a formal administrative investigation against the major Brazilian cement companies, including Holcim (Brasil) S.A., regarding an alleged price fixing, division of market and the blocking of new competitors entering the market. On November 10, 2011, the SDE published a ruling and recommended that the Conselho Administrativo de Defesa Econômica ("**CADE**") fines nearly all of the investigated cement companies, including Holcim (Brasil) S.A., as well as a number of associations and individual persons. On May 28, 2014, CADE pronounced a unanimous decision against six companies, six individuals, and three associations with fines totalling BLR3.1 billion. CADE also ordered the divestment of plants, prohibition of carrying specific operations in the cement and concrete sector until 2019 and other measures. Holcim (Brasil) S.A. requested clarification in respect of some items of the condemnation on July 7, 2014. Following CADE's clarifications, Holcim intends to pursue any available means to protect its legal position.

Colombia

In January and June 2005 and February 2006, the Colombian Superintendence of Industry and Commerce ("**SIC**") commenced three investigations against several cement companies in Colombia, including the Holcim Group's Colombian subsidiary, Holcim (Colombia) S.A., for alleged anticompetitive practices.

During the years 2005 to 2010, the SIC issued several orders in which it decided to indict almost all of the investigated companies, including Holcim (Colombia) S.A., as well as a number of individual persons. Holcim (Colombia) S.A. filed appeals against all orders that stipulated fines of a total of approximately USD1.5 million.

In May 2007, Holcim (Colombia) S.A. filed respective appeals before the High Administrative Court against the SIC's orders in relation to the two investigations commenced in 2005, requesting the annulment of each of the SIC orders and compensation for the damages caused. The High Administrative Court subsequently confirmed the orders of the SIC in both cases. On April 18, 2012 and November 29, 2012, respectively, the decisions were appealed by Holcim (Colombia) S.A. before the Council of State.

In July 2010, Holcim (Colombia) S.A. filed an appeal before the High Administrative Court against the SIC's order in relation to the investigation commenced in 2006. In its decision of December 10, 2012, the High Administrative Court decided to acquit Holcim (Colombia) S.A., and an individual person acting as its "legal representative" at the time, of any fine. However, in January 2013 the SIC appealed the decision before the High Court. This procedure is on-going.

In August 2013, the SIC notified several cement producers and several of their respective company officials of a formal antitrust investigation for alleged anticompetitive practices. Holcim (Colombia) S.A. is one of the investigated companies. The investigation is on-going.

European Union

On November 4-5, 2008, the EU Commission, assisted by national antitrust authorities, searched offices of several cement producers in various European Union countries (including the Holcim's offices in Belgium, France, Germany and the United Kingdom) due to alleged illicit agreements restricting competition (e.g. price fixing, quota agreements and market sharing) and alleged abuses of a dominant position in the cement materials industry. The procedure is on-going and if the companies involved are found guilty, they could incur significant fines.

On September 22-23, 2009, the investigations of the EU Commission were extended to Spain by conducting searches at the premises of Holcim (España), S.A. and Holcim Trading SA. The Holcim Group companies fully cooperated with the authorities in the searches. Following the dawn raids in Spain, the EU antitrust authority has issued requests for information addressed to Holcim Group companies in Belgium, France, Germany and the UK.

On December 6, 2010, the EU Commission decided to initiate formal proceedings in this matter. These proceedings are on-going.

Germany

On June 26, 2009, the Higher Regional Court of Düsseldorf reduced the EUR74.0 million fine that the Federal Cartel Office (the "**FCO**") had imposed on Holcim (Deutschland) AG in 2003 to EUR14.6 million for alleged price fixing and quota fixing between at least 1997 and 2001 in the cement sector. Holcim (Deutschland) AG appealed the ruling on July 3, 2009, in order to analyse the grounds for the verdict in detail.

On April 8, 2013, the German Supreme Court ruled on the appeal and further reduced the fine for Holcim (Deutschland) AG to EUR13.9 million.

Moreover, following the ruling by the FCO, the Belgian company Cartel Damages Claims SA ("**CDC**"), a private organisation that purchases claims from plaintiffs and pursues those claims against alleged cartel participants, has lodged a claim before the Landgericht Düsseldorf against six major German cement producers (including Holcim (Deutschland) AG) on behalf of cement customers for an aggregate amount of EUR176.0 million, the precise amount to be fixed by the competent court. CDC alleges that cement customers paid non-competitive prices for cement during the period from at least 1993-2002. On December 17, 2013, the Landgericht Düsseldorf has dismissed the CDC claim against the six major German cement producers (including Holcim (Deutschland) AG) in its entirety. On February 18, 2015, the Oberlandesgericht Düsseldorf dismissed CDC's appeal against the previous instance's judgment and also rejected the availability of any further appeal by CDC.

Hungary

In June 2011, the Hungarian Competition Office ("**GVH**") initiated an investigation into the ready-mix concrete industry in the Budapest area by conducting searches in various ready mix concrete plants. While none of Holcim's plants or other facilities were searched, Holcim Hungária Zrt. was a named respondent in this investigation. Holcim Hungaria Zrt.'s legal successor, Osteuropäische Zementbeteiligungs AG, is also party to the proceeding and respondent to the statement of objections issued by the GVH on January 20, 2014. By a decision dated July 1, 2014, the GVH confirmed its accusations regarding the Budapest market (the alleged price fixing and market sharing between 2005 and 2007) and imposed a total fine of HUF2.7 billion on the respondents. Osteuropäische Zementbeteiligungs AG was fined HUF550 million and appealed the decision.

Italy

In July 2004, the Italian Antitrust Authority ("**IAA**") imposed fines on a number of undertakings for an alleged cartel in the Milan ready-mix cement market. Among others, the Italian subsidiary of Holcim was fined a total amount of EUR10.0 million. On appeal the IAA's decision was partly annulled but the matter is the subject of a further appeal by all involved undertakings and the IAA to the highest administrative court (Consiglio di Stato). On July 8, 2009, the Consiglio di Stato confirmed the partial annulment decision and further partially annulled the IAA's decision on additional grounds. The case will now have to go back to the IAA but only for the purposes of re-determining the reduced fines on the basis of the legal criteria set out by the Consiglio di Stato. The IAA proceeding for re-determining the fine is on-going.

India

On December 20, 2007, the Monopolies and Restrictive Trade Practices Commission ("**MRTPC**") issued a "cease and desist order" against Holcim Group subsidiaries ACC Limited and Ambuja Cements Ltd., thirty-nine other cement producers and the Indian Cement Manufacturers Association ("**CMA**"), alleging that they engaged in cartelisation and manipulation of cement prices between February and April of 1990. Appeals were submitted against the order and the matter is now pending before the Supreme Court. No fines were imposed by the MRTPC.

On February 29, 2008, the MRTPC issued a "cease and desist order" against nine cement companies, including ACC Limited, concerning an alleged concerted price increase in Jabalpur in 2001. Appeals were submitted against the order and the matter is now pending before the Supreme Court. No fines were imposed by the MRTPC.

In August 2010, the Competition Commission of India ("**CCI**") initiated an investigation in India against the CMA and eleven cement manufacturers, including ACC Limited and Ambuja Cements Ltd.

In June 2012 the CCI issued an order and imposed fines against eleven cement producers, two of them being ACC Limited and Ambuja Cements Ltd. ACC Limited and Ambuja Cements Ltd. have been fined approximately INR11.5 billion and INR11.6 billion, respectively. Each company had filed an appeal together with an interim application for stay of penalty before the Competition Appellate Tribunal ("**CAT**"). The CAT subsequently granted each application for stay subject to a deposit by each company of 10 per cent. of the penalty amount with which they had been respectively fined. The appeal proceedings are ongoing.

On January 2, 2014, the CCI passed a prima facie order directing an investigation to be conducted on alleged price fixing and market allocation on several cement companies in India in violation of the Competition Act. ACC Limited and Ambuja Cements Ltd. subsequently duly submitted their answers to the CCI requests for information.

Legal Proceedings

In the ordinary course of business, the Holcim Group is involved, and may in the future become involved, in lawsuits, claims, investigations and proceedings, including product liability, commercial, ownership, environment and health and safety matters, social security and tax claims (see also Sections 3.2.7, 3.3.1 and 3.3.7 of Part I and Section 17.3 of Part II). Material ongoing proceedings currently include investigations and litigation related to competition, antitrust damage claims, product liability suits, environmental matters and tax claims.

In addition, there has been on-going litigation in Hungary for a number of years related to the ownership of assets and shares in the context of the privatisation of one of the Holcim cement plants in Hungary.

There are no other governmental, legal or arbitration proceedings, pending or threatening and of which Holcim has knowledge, which may have or have had during the past 12 months significant effects on Holcim and/or the Holcim Group's financial position or profitability.

17.4 Significant Change in the Financial or Trading Position

To Holcim's knowledge, no significant change in the Holcim Group's financial or trading position has occurred since December 31, 2014, other than those described in this Registration Document.

18 Material Contracts

Not Applicable

19 Third Party Information and Statement by Experts and Declarations of Any Interest

Not Applicable

20 Information Policy

Holcim reports to shareholders, the capital market, employees and the public at large in a transparent and timely manner concerning its corporate performance, including achievement of its sustainability targets. An open dialog is nurtured with the most important stakeholders, based on mutual respect and trust. This promotes knowledge of Holcim and understanding of objectives, strategy and business activities of Holcim.

As a listed company, Holcim is under an obligation to disclose facts that may materially affect the share price (ad-hoc disclosure, Art. 53 and 54 of the SIX listing rules). Holcim is subject to the SIX rules on the disclosure of management transactions made by the members of the Board of Directors and Senior Management. These can be accessed on the SIX website (www.six-exchange-regulation.com/regulation/directives/being_public_en.html).

The most important information tools are the annual and quarterly reports, the website (www.holcim.com), media releases, press conferences, meetings for financial analysts and investors as well as the Annual Shareholders' Meeting.

Current information relating to sustainable development is available at www.holcim.com/sustainable. In 2015, Holcim will publish its eighth sustainability report. A full sustainability report is now published every year.

21 Additional Information

21.1 Share Capital

Holcim has one uniform type of registered shares in order to comply with international capital market requirements in terms of an open, transparent and modern capital structure and to enhance attractiveness, particularly for institutional investors. The shareholders have no right to demand a conversion into another form of shares.

For a description of the registered shares under Swiss law, please refer to Section 5.3 of Part I.

The detail of the share capital of Holcim is as follows:

Number of registered shares	December 31, 2014	2013
Total outstanding shares	**325,867,037**	**325,563,866**
Treasury shares		
Reserved for convertible bonds	0	0
Reserved for call options	1,159,468	1,461,609
Unreserved	59,871	60,901
Total treasury shares	**1,219,339**	**1,522,510**
Total issued shares	**327,086,376**	**327,086,376**
Shares out of conditional share capital		
Reserved for convertible bonds	1,422,350	1,422,350
Unreserved	0	0
Total shares out of conditional share capital	**1,422,350**	**1,422,350**
Total shares	**328,508,726**	**328,508,726**

21.1.1 Amount of Issued Capital

The share capital is divided into 327,086,376 registered shares of CHF2.00 nominal value each. As at December 31, 2014, the nominal, fully paid-in share capital of Holcim amounted to CHF654,172,752.

Share capital	2014		2013	
Shares	**Number**	**CHF million**	**Number**	**CHF million**
Registered shares of CHF2.00 par value	327,086,376	654.2	327,086,376	654.2
Total	327,086,376	654.2	327,086,376	654.2

21.1.2 Origin of the Holcim Shares to be Issued in the Exchange Offer

Holcim shareholders have approved on May 8, 2015 (i) the issue of up to 264,237,400 Holcim Shares in an ordinary share capital increase, (ii) an authorized share capital of up to 132,118,700 Holcim Shares for the needs, as the case may be, of the re-opened Exchange Offer and, as the case may be, the squeeze-out (whereby in each of (i) and (ii) existing shareholders' preferential subscription rights for the newly issued Holcim Shares have been withdrawn); and (iii) an authorized share capital of up to 29,566,188 Holcim Shares for the scrip dividend.

The resolution of the Extraordinary General Meeting referred to under (i) above is valid until August 8, 2015. After that date, it will automatically lapse, in which case Holcim will convene another Shareholders Meeting in accordance with the conditions of the Exchange Offer.

Creation of the Holcim Shares in an Ordinary Capital Increase

Up to 264,006,013 New Holcim Shares are expected to be issued by Holcim in an ordinary capital increase consisting of two tranches respectively for the Exchange Offer and for the re-opening of the Exchange Offer, as the case may be. The Holcim Shares are expected to be subscribed by UBS AG, Bahnhofstrasse 45, CH-8098 Zurich for the account of the Lafarge shareholders who tendered their Lafarge Shares to the Exchange Offer. The Holcim Board of Directors expects that the first tranche of the share capital increase will occur on or around July 10, 2015, along with the relevant amendments to the Articles of Association. The Holcim Board of Directors expects that the second tranche of the capital increase will occur on or around August 4, 2015 after the end of the re-opened Exchange Offer acceptance period, along with the relevant amendments to the Articles of Association.

The exact amount of the capital increase will be determined by the Holcim Board of Directors, after publication of the results of the Exchange Offer (and of the re-opened Exchange Offer) by the AMF, based on the number of Lafarge Shares tendered to the Exchange Offer (and to the re-opened Exchange Offer) and which will be contributed in consideration for such capital increase.

The issuance of the Holcim Shares issued in exchange for the Lafarge Shares tendered to the Exchange Offer (and to the re-opened Exchange Offer) only becomes effective upon and subject to the registration of the amended Articles of Association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland. As a consequence, the closing of the Exchange Offer shall occur once such registration has been completed.

Creation of an Authorized Share Capital

Creation of an Authorized Share Capital for the Re-opened Exchange Offer and the Squeeze-out

Holcim reserves its right to request the AMF that a squeeze-out be implemented for the Lafarge Shares not tendered to the Exchange Offer or to the re-opened Exchange Offer, if such remaining Lafarge Shares do not represent more than 5 per cent. of the share capital or the voting rights of Lafarge.

Such squeeze-out would be carried out in exchange for compensation in cash or in exchange for LafargeHolcim Shares. In connection therewith, the shareholders' meeting of May 8, 2015 has approved an authorized share capital allowing the Board of Directors of Holcim Ltd to issue Holcim Shares in exchange of Lafarge Shares.

In addition, the authorized share capital resolved by Holcim at the Shareholders' Meeting of May 8, 2015 was also created to allow for the issuance of New Holcim Shares to be exchanged as consideration for the Lafarge shares tendered during the re-opened Exchange Offer in the event that the re-opened Exchange Offer would not occur before August 8, 2015, as Swiss law only allows the Shareholders' Meeting to delegate to the Board of Directors of Holcim Ltd the authority to carry out the ordinary share capital increase resolved by shareholders at the Shareholders' Meeting of May 8, 2015 to be carried out by the Board of Directors within three months from the date of the respective Shareholders' Meeting at the latest.

The issuance of the Holcim Shares issued in exchange for the Lafarge Shares tendered to the re-opened Exchange Offer or the squeeze-out procedure only becomes effective upon and subject to the registration of the amended Articles of Association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland. As a consequence, the closing of the re-opened Exchange Offer or the squeeze-out procedure shall occur once such registration has been completed.

Creation of an Authorized Share Capital for the Scrip Dividend

As set forth in Section 17.2 of Part I, a post-closing exceptional scrip dividend shall be paid to all LafargeHolcim Shares, including the New Holcim Shares exchanged for Lafarge Shares tendered to the Exchange Offer.

In connection therewith, the Shareholders' Meeting of May 8, 2015 has approved an authorized share capital allowing the Board of Directors of Holcim Ltd to distribute a scrip dividend.

The issuance of the LafargeHolcim Shares issued for the purpose of the distribution of the scrip dividend only becomes effective upon and subject to the registration of the amended Articles of Association of Holcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland. As a consequence, the distribution of the scrip dividend shall occur once such registration has been completed.

A New Shareholders' Meeting May Need to Be Convened to Resolve on a New Share Capital Increase if the Closing of the Exchange Offer Does Not Occur before August 8, 2015

Swiss law only allows for an ordinary capital increase to be carried out by the Board of Directors within three months from the date of the respective Shareholders' Meeting. Therefore, if the closing of the Exchange Offer does not occur before August 8, 2015, a new Shareholders' Meeting will be convened to resolve on a new share capital increase for the issuance of the New Holcim Shares.

Characteristics of the Holcim Shares to be Issued in the Exchange Offer

The Holcim Shares issued as Exchange Offer consideration are ordinary registered shares. They will rank pari passu with the existing Holcim shares and will carry the right to payment of any dividend or other distribution and to liquidation proceeds in proportion to the fraction of the share capital that they represent. They will carry dividend rights in respect of the current financial year.

The Holcim Shares will be issued as uncertificated securities (*Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations and constitute intermediated securities within the meaning of the Federal Intermediated Securities Act. The Holcim Shares will be registered in the main register (*Hauptregister*) maintained by SIX SIS Ltd and credited to the securities account of each purchaser, and thus will become book entry securities (*Bucheffekten in the meaning of the Federal Intermediated Securities Act*).

21.1.3 Shares Controlled by Holcim Ltd, Treasury Shares, and Holcim Ltd's Purchasing of Its Own Shares

The details of the Holcim shares held by or on behalf of Holcim and by its subsidiaries are as follows:

Treasury Shares		Number	Price per share in CHF	CHF million
January 1, 2014	Treasury shares	1,522,510	66.72	101.6
January 1, to December 31, 2014	Purchases	61,542	74.92	4.6
January 1, to December 31, 2014	Sales	(364,713)	62.45	(24.4)
December 31, 2014	Treasury shares	1,219,339	67.08	81.8
January 1, 2013	Treasury shares	1,736,538	65.81	114.3
January 1, to December 31, 2013	Purchases	163,846	75.20	12.3
January 1, to December 31, 2013	Sales	(377,874)	62.14	(25.0)
December 31, 2013	Treasury shares	1,522,510	66.72	101.6

21.1.4 Securities not Representing Share Capital

As of the date of this Registration Document, Holcim has not issued issued any securities not representing share capital.

21.1.5 Terms Governing Any Right of Acquisition and/or Any Obligation Attached to the Authorized but Unissued Capital and Undertaking to Increase the Capital

21.1.5.1 Authorized Share Capital/Certificates of Participation

As of December 31, 2014, there was no authorized capital nor certificate of participation.

21.1.5.2 Conditional Share Capital and Other Securities Granting Rights to the Capital

The share capital may be increased by a nominal amount of CHF2,844,700 through the issuance of a maximum of 1,422,350 fully paid-in registered shares, each with a par value of CHF2.00 (as of December 31, 2014).

The conditional capital may be used for exercising convertible and/or option rights relating to bonds or similar debt instruments of Holcim or one of the Holcim Group companies. The subscription rights of the shareholders are excluded. The current owners of conversion rights and/or warrants are entitled to subscribe for the new shares. The acquisition of shares through the exercise of conversion rights and/or warrants and each subsequent transfer of the shares are subject to the restrictions set out in the Articles of Association of Holcim Ltd.

As of December 31, 2014, no bonds or similar debt instruments of Holcim Ltd or one of the Holcim Group companies were outstanding that would give rise to conversion rights related to the conditional capital; therefore, in 2014, no conversion rights have been exercised.

Further information on conversion rights and/or warrants and applicable conditions may be found in article 3 bis of the Articles of Association of Holcim Ltd.

The detail of the conditional share capital is as follows:

Conditional share capital		**Number**	**Price per share in CHF**	**CHF million**
January 1, 2014	Conditional shares par value	1,422,350	2.00	2.8
January 1, to December 31, 2014	Movement	0	0	0
December 31, 2014	Conditional shares par value	1,422,350	2.00	2.8
January 1, 2013	Conditional shares par value	1,422,350	2.00	2.8
January 1, to December 31, 2013	Movement	0	0	0
December 31, 2013	Conditional shares par value	1,422,350	2.00	2.8

21.1.6 Share Capital of Any Company of the Holcim Group Subject of an Option or of an Agreement to Put it Under Option

Please refer to Section 9.5 of Part II.

21.1.7 History of the Share Capital Over the Past Two Fiscal Years

	Share Capital	Ordinary reserves	Capital contribution reserves	Reserves for treasury reserves	Free reserves	Retained earnings	Total
				(in CHF million)			
Equity as at January 1, 2014	**654.2**	**2,430.5**	**6,140.6**	**101.6**	**6,862.8**	**1,628.4**	**17,818.1**
Decrease reserves for treasury shares	0	19.8	0	(19.8)	0	0	0
Allocation to free reserves	0	0	(423.5)	0	423.5	0	0
Payout	0	0	0	0	(423.5)	0	(423.5)
Allocation to free reserves	0	0	0	0	800.0	(800.0)	0
Net income of the year	0	0	0	0	0	377.3	377.3
Equity as at December 31, 2014	**654.2**	**2,450.3**	**5,717.1**	**81.8**	**7,662.8**	**1,205.7**	**17,771.9**

	Share Capital	Ordinary reserves	Capital contribution reserves	Reserves for treasury reserves	Free reserves	Retained earnings	Total
				(in CHF million)			
Equity as at January 1, 2013	**654.2**	**2,417.8**	**6,514.9**	**114.3**	**6,062.8**	**1,363.5**	**17,127.5**
Decrease reserves for treasury shares	0	12.7	0	(12.7)	0	0	0
Allocation to free reserves	0	0	(374.3)	0	374.3	0	0
Payout	0	0	0	0	(374.3)	0	(374.3)
Allocation to free reserves	0	0	0	0	800.0	(800.0)	0
Net income of the year	0	0	0	0	0	1,064.9	1,064.9
Equity as at December 31, 2013	**654.2**	**2,430.5**	**6,140.6**	**101.6**	**6,862.8**	**1,628.4**	**17,818.1**

21.2 Articles of Association

Holcim Ltd’s Articles of Association have been drafted pursuant to the laws and regulations applicable to limited corporations with Boards of Directors incorporated under the laws of Switzerland. The main provisions below are taken from Holcim Ltd’s Articles of Association, as adopted on May 6, 2010.

21.2.1 Corporate Purpose

Article 2 of Holcim Ltd’s Articles of Association provides that its purpose is to participate in manufacturing, trade and financing companies in Switzerland and abroad, in particular in the hydraulic binders industry and other industries related thereto.

Holcim may also pursue any form of business directly or indirectly related to its purpose of which is likely to promote it.

21.2.2 Administrative, Management and Supervisory Bodies and Senior Management Bodies

Please refer to Section 2.5 of Part I.

21.2.3 Rights, Privileges and Restrictions on Shares

Upon their issuance, Holcim shares are subject to all provisions of Holcim's Articles of Association. The main rights attached to the Holcim shares under Swiss legislation and Holcim's Articles of Association as they were adopted on May 6, 2010, are described below.

21.2.3.1 Dividend Rights

Pursuant to articles 29 and 30 of the Articles of Association of Holcim, five per cent. of the annual profit is allocated to the general reserve until it has reached twenty per cent. of the paid-in share capital. Of the remaining net profit, a dividend of 5 per cent. of the share capital is paid out. The remaining balance sheet profit remains at the disposal of the Shareholders' Meeting, subject to the legal provisions regarding reserves.

Any dividends that have not been collected within 5 years of their allocation are forfeited to Holcim.

The entitlement date for the dividend is resolved upon at the Shareholders' Meeting, usually in the same agenda item where the Shareholders' Meeting resolves upon the dividend amount as explained above. There are no dividend restrictions. For non-resident holders, certain tax consequences such as 35 per cent. withholding tax apply.

21.2.3.2 Pre-Emptive Rights

Pursuant to article 6 of the Articles of Association of Holcim Ltd, in the event of an increase of the share capital by issuance of new shares, each shareholder is entitled to the fraction of newly issued shares corresponding to the proportion of his existing holdings.

The Shareholders' Meeting may suspend or revoke pre-emptive rights of shareholders for good cause.

21.2.3.3 Voting Rights

According to article 9 of the Articles of Association of Holcim Ltd, all holders of registered shares who are registered as shareholders with voting rights in the share register at the closing date for the share registry (approximately one week prior to the Shareholders' Meeting, such closing date being communicated with the invitation to the Shareholders' Meeting) are entitled to participate in, and vote at, Shareholders' Meetings.

Shares held by trusts and shares for which no declaration has been made that the holder requesting registration is holding the shares in his own name and for his own account are entered in the share register as having no voting rights.

Shareholders not participating in person in the Shareholders' Meeting may be represented by another shareholder or by the independent voting proxy. Voting rights are not subject to any restrictions.

Each share carries one vote.

21.2.3.4 Rights to Share in Any Surplus in the Event of Liquidation

The Articles of Association of Holcim Ltd do not contain any special rights to any surplus in the event of the company's liquidation. In accordance with statutory Swiss law, every shareholder is entitled to a pro rata share of the liquidation proceeds, unless otherwise provided by those Articles of Association that relate to the allocation of the assets of the dissolved company.

21.2.3.5 Redemption or Conversion Provisions

The Articles of Association of Holcim Ltd do not contain any redemption or conversion provision for the Holcim shares

21.2.3.6 Share Register

Holcim, with respect to its registered shares, maintains a share register in which the shareholders are registered with regard to their names and addresses. Acquirers of registered shares are registered upon request in the share register as shareholders with voting rights, provided they expressly declare to have acquired the registered shares in their own name and on behalf of their own account. If a person fails to expressly declare in their registration application that she/he holds the shares for her/his own account (a "**Nominee**") the Board of Directors will only enter such person in the share register with voting rights, subject to the requirements that (i) such person has entered into an agreement with Holcim governing her/his status and (ii) such person is subject to a recognized bank or financial market supervision. The Board of Directors may cancel with retroactive effect any registration in the share register, which was made based on incorrect information. The relevant shareholder or Nominee must be immediately informed of the cancellation. The Board of Directors regulates the details and enacts the instructions necessary for compliance with the aforementioned regulations. In special cases, the Board of Directors may grant exemptions to the rule concerning Nominees. In accordance with the Articles of Association of Holcim, the Board of Directors may delegate its abovementioned duties. Until the acquirer has been notified to Holcim, any sold Holcim share is held by the SIS and is recorded in the default nominee account of the SIS. Such Holcim shares do not carry any voting rights, and such acquirer may not request the Board of Directors to call a Shareholders' Meeting or propose to put a matter on the agenda and may neither participate nor be represented or speak at a Shareholders' Meeting. The Holcim shares recorded in the default nominee account of the SIS are held for the benefit of the beneficial owners of the Holcim shares.

21.2.3.7 Restrictions on the Free Transferability of the Holcim Shares

No provision of the Articles of Association of Holcim, nor any provision of Swiss law or SIX or other regulations, limit the tradability of Holcim shares.

21.2.4 Annual and Extraordinary Shareholders' Meetings

21.2.4.1 Convening Shareholders' Meetings and Agenda

The ordinary Shareholders' Meeting takes place each year, at the latest six months following the conclusion of the financial year.

Extraordinary Shareholders' Meetings are convened upon a resolution of the Shareholders' Meeting, or of the Board of Directors, or upon the request of the auditors. One or more shareholders together representing at least one tenth of the share capital of Holcim Ltd may also request the calling of an Extraordinary Shareholders' Meeting; they must do so in writing, indicating the purpose of the meeting.

Shareholders' Meetings are convened by the Board of Directors, whereby invitations are published in the Swiss Official Gazette of Commerce and in any other newspapers designated by the Board of Directors at least twenty days prior to the meeting and in which details are given of the agenda and items submitted. Holders of registered shares whose names appear in the share register are notified of the Shareholders' Meeting by mail.

Shareholders holding shares with an aggregate par value of at least one million Swiss Francs may request the addition of a particular item for discussion and resolution. A corresponding application must be submitted in writing to the Board of Directors at least forty days prior to the Annual Shareholders' Meeting. Such application should indicate the items to be submitted. The invitations as well as the minutes of the Shareholders' Meetings are published on www.holcim.com/AGM.

At least 20 days prior to the annual Shareholders' Meeting, the business report and the auditor's report are made available for inspection by the shareholders at the registered office of Holcim Ltd. Holders of registered shares whose names appear in the share register are notified by written notice.

Any shareholder may request that a copy of the business report and the auditor's report be immediately sent to him.

21.2.4.2 Statutory Quorum

The Shareholders' Meeting constitutes a quorum, regardless of the number of shares represented or shareholders present; resolutions are passed by an absolute majority of the votes allocated to the shares represented, unless Art. 704 para. 1 of the Swiss Code of Obligations or the Merger Act provide otherwise. In such cases, resolutions may only be passed with the respective qualified majority of the votes represented.

For a description of the resolutions described in article 704 paragraph 1 of the Swiss Code of Obligations or the Merger Act, please refer to Section 5.3 of Part I.

According to Art. 10 para. 2 of the Articles of Association and in addition to Art. 704 para. 1 of the Swiss Code of Obligations, the approval of at least two-thirds of the votes represented and the absolute majority of the par value of shares represented shall be required for resolutions of the Shareholders' Meeting with respect to the removal of the restrictions set forth in Art. 5 of the Articles of Association (entries in the share register), the removal of the mandatory bid rule (Art. 22 para. 3 of the Stock Exchange Act) and the removal or amendment of para. 2 of Art. 10 of the Articles of Association.

The chair of the meeting may also have votes and elections conducted electronically. Electronic votes and elections are deemed equivalent to secret votes and elections.

21.2.4.3 Entries in the Share Register

The company maintains a share register for registered shares in which the names and addresses of owners and beneficiaries are entered. According to the applicable rules and regulations only those included in the share register are deemed shareholders or beneficial owners of the registered shares of Holcim.

Upon request, purchasers of registered shares are included in the share register as shareholders with voting rights if they expressly declare that they have acquired the shares in their own name and for their own account. Exceptions to this rule apply for nominees who have signed a nominee agreement with Holcim regarding this position and are subject to a recognized banking or financial markets supervisory authority.

Shares of which the holder has not been registered (directly or via a nominee) are deemed "Dispo Shares". "Dispo Shares" receive dividends, but their owners cannot exercise their voting rights at Holcim Ltd's Shareholders' Meeting.

In the event that an acquirer of shares provides a complete and accurate applications for registration of its shares but where, in Holcim's view, such acquirer does not meet the conditions mentioned under Section I of the "Regulation Concerning the Registration in the Share Register" to be registered as a shareholder with voting rights in Holcim Ltd's share register, such acquirer is registered in the share register as shareholders without voting rights.

In the event the applicant provides incorrect statements, there is no registration in the share register (e.g. concerning the identity of the acquirer or in the event of deception relating to an alleged transfer of rights to the applicant that did not take place).

The share register is closed approximately one week prior to the date of the Shareholders' Meeting (the exact date will be communicated in the invitation to the Shareholders' Meeting). Shareholders' participation and rights of protection are furthermore governed by the Swiss Code of Obligations.

Each shareholder may at any time request a written confirmation from Holcim Ltd of the registered shares held by such shareholder, as reflected in the share register.

The "Regulation Concerning the Registration in the Share Register" as well as the "Nominee Regulations" are available at www.holcim.com/investor-relations/shareholder-information/holcim-share-register.html.

21.2.5 Statutory Provisions Likely to Have an Impact on the Control of Holcim

The Articles of Association contain no waiver of the duty to make a public offer under the terms of Art. 32 and 52 of the Stock Exchange Act ("opting out"). The result is that a shareholder who directly, indirectly or in concert with third parties acquires shares in Holcim and, together with the shares he already possesses, thereby exceeds the 33⅓ per cent. threshold of voting rights in Holcim must make an offer for all listed shares of Holcim.

For the calculation of the 33⅓ per cent. threshold, both voting rights and non-executable voting rights (where the corresponding shares are held by a shareholder without voting rights) should to be taken into account.

There are no clauses relating to changes of control.

21.2.6 Shareholding Thresholds

There are no clauses relating to shareholding thresholds in the Articles of Association, charters or Organizational Rules of Holcim Ltd in addition to the legal obligation described in article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act).

21.2.7 Specific Provisions Governing Changes in Share Capital

The share capital may be increased by a maximum amount of CHF2,844,700 by issuing a maximum of 1,422,350 registered shares with a par value of CHF2.00 each, which shall be fully paid-in, through the exercise of conversion rights and/or warrants granted in connection with the issuance of bonds or similar debt instruments by Holcim Ltd or one of its Holcim Group companies. The pre-emptive rights of the shareholders are excluded with respect to such shares. The holders of the conversion rights and/or warrants shall be entitled to subscribe for the new shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors.

In connection with the issue of convertible or warrant-bearing bonds or any similar debt instruments, the Board of Directors shall be authorized to restrict or deny the pre-emptive rights of shareholders for the purchase of such instruments if, for purpose of an underwriting by a syndicate with subsequent placement in the public, the issue of bonds or similar debt instruments seems, at the given moment, the most suitable form of issuance to Holcim in particular regarding the issue conditions, or if the convertible or warrant-bearing bonds are issued in connection with the acquisition or the financing of the acquisition of an enterprise, parts of an enterprise or participations.

If, in accordance with a resolution passed by the Board of Directors, convertible and/or warrant-bearing bonds are not offered to the shareholders in advance, the following shall apply:

- Conversion rights may be exercised during a maximum period of 20 years, and warrants may be exercised during a maximum period of 7 years, since the date of the underlying bond issue.
- New Holcim Shares are issued in accordance with the conversion and/or warrant at conditions prevailing at the time. Convertible and/or warrant-bearing bonds shall be issued at market conditions. The conversion or warrant price must be at least equal the average of the most recent price for the registered shares on the SIX Swiss Exchange during the five days preceding the determination of the definitive issue conditions for the corresponding convertible and/or warrant-bearing bonds.

PART III
LAFARGE

This Registration Document incorporates by reference the Lafarge 2014 Document de Référence, filed with the Autorité des marchés financiers on March 23, 2015, available at www.lafarge.com/03232015-press_publication-2014_annual_report-uk.pdf and which includes the Lafarge consolidated financial statements as of and for the year ended December 31, 2014 and the report of the statutory auditors relating thereto. The Lafarge 2014 Document de Référence incorporates by reference the Lafarge consolidated financial statements as of and for the years ended December 31, 2013 and 2012 and the reports of the statutory auditors relating thereto.

PART IV
FINANCIAL INFORMATION

1 Holcim Consolidated Financial Statements as of and for the Years Ended December 31, 2014, 2013 and 2012

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

Report of the auditors of Holcim Ltd on the consolidated financial statements as of and for the year ended December 31, 2014

To the General Meeting of Holcim Ltd, Jona

Zurich, February 20, 2015

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Holcim Ltd, which comprise the consolidated statement of income, consolidated statement of comprehensive earnings, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes on pages F-5 to F-81 for the year ended December 31, 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2014, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with Art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors. We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Willy Hofstetter	Elisa Alfieri
Licensed Audit Expert	Licensed Audit Expert
Auditor in charge	

Consolidated Financial Statements as of and for the year ended December 31, 2014

Consolidated Financial Statements

Consolidated statement of income of Group Holcim

	Notes	2014	2013
		Million CHF	
Net sales	**5, 6**	**19,110**	**19,719**
Production cost of goods sold	7	(10,548)	(11,087)
Gross profit		**8,562**	**8,632**
Distribution and selling expenses	8	(4,924)	(5,021)
Administration expenses		(1,321)	(1,254)
Operating profit		**2,317**	**2,357**
Other income	11	179	204
Share of profit of associates and joint ventures	23	140	161
Financial income	12	183	183
Financial expenses	13	(611)	(777)
Net income before taxes		**2,207**	**2,128**
Income taxes	14	(588)	(533)
Net income		**1,619**	**1,596**
Attributable to:			
Shareholders of Holcim Ltd		1,287	1,272
Non-controlling interest		332	324
		Earnings per share in CHF	
Earnings per share	16	3.95	3.91
Fully diluted earnings per share	16	3.95	3.91

Consolidated statement of comprehensive earnings of Group Holcim

	Notes	2014	2013
		Million CHF	
Net income		**1,619**	**1,596**
Other comprehensive earnings			
Items that will be reclassified to the statement of income in future periods			
Currency translation effects			
Exchange differences on translation		686	(1,608)
Realized through statement of income		0	8
Tax effect		40	14
Available-for-sale financial assets			
Change in fair value		(2)	(14)
Realized through statement of income	20	(63)	(65)
Tax effect		(1)	0
Cash flow hedges			
Change in fair value		(1)	5
Realized through statement of income		0	0
Tax effect		0	(1)
Net investment hedges in subsidiaries			
Change in fair value		0	3
Realized through statement of income		0	0
Tax effect		0	0
Subtotal		**660**	**(1,657)**
Items that will not be reclassified to the statement of income in future periods			
Defined benefit plans			
Remeasurements	32	(200)	217
Tax effect		42	(48)
Subtotal		**(157)**	**169**
Total other comprehensive earnings		**503**	**(1,488)**
Total comprehensive earnings		**2,122**	**108**
Attributable to:			
Shareholders of Holcim Ltd		1,615	86
Non-controlling interest		507	22

Consolidated statement of financial position of Group Holcim

	Notes	31.12.2014	31.12.2013
		Million CHF	
Cash and cash equivalents	17	2,149	2,244
Accounts receivable	18	2,695	2,521
Inventories	19	1,863	1,704
Prepaid expenses and other current assets	20	317	365
Assets classified as held for sale	21	283	756
Total current assets		**7,307**	**7,590**
Long-term financial assets	22	491	536
Investments in associates and joint ventures	23	1,758	1,562
Property, plant and equipment	24	21,410	20,029
Intangible assets	25	7,779	7,486
Deferred tax assets	30	527	391
Other long-term assets		412	351
Total long-term assets		**32,378**	**30,355**
Total assets		**39,684**	**37,944**
Trade accounts payable	26	2,101	1,934
Current financial liabilities	27	2,502	2,920
Current income tax liabilities		419	462
Other current liabilities		1,634	1,708
Short-term provisions	31	234	224
Liabilities directly associated with assets classified as held for sale	21	33	213
Total current liabilities		**6,923**	**7,461**
Long-term financial liabilities	27	9,291	8,785
Defined benefit obligations	32	863	655
Deferred tax liabilities	30	1,415	1,290
Long-term provisions	31	1,080	1,077
Total long-term liabilities		**12,649**	**11,807**
Total liabilities		**19,572**	**19,267**
Share capital	35	654	654
Capital surplus		7,776	8,200
Treasury shares	35	(82)	(102)
Reserves		9,082	7,453
Total equity attributable to shareholders of Holcim Ltd		**17,430**	**16,205**
Non-controlling interest	36	2,682	2,471
Total shareholders' equity		**20,112**	**18,677**
Total liabilities and shareholders' equity		**39,684**	**37,944**

Consolidated statement of changes in equity of Group Holcim

	Share capital	Capital surplus	Treasury shares	Retained earnings	Available-for-sale reserve	Cash flow hedging reserve	Currency translation adjustments	Total reserves	Total equity attributable to shareholders of Holcim Ltd	Non-controlling interest	Total shareholders' equity
	Million CHF										
Equity as at January 1, 2014................................	**654**	**8,200**	**(102)**	**17,294**	**52**	**(4)**	**(9,889)**	**7,453**	**16,205**	**2,471**	**18,677**
Net income......................				1,287				1,287	1,287	332	1,619
Other comprehensive earnings				(157)	(65)	(1)	551	328	328	175	503
Total comprehensive earnings				1,130	(65)	(1)	551	1,615	1,615	507	2,122
Payout.............................		(424)							(424)	(301)	(725)
Change in treasury shares.			13	(1)				(1)	12		12
Share-based remuneration		0	7						7	0	7
Capital paid-in by non-controlling interest										6	6
Change in participation in existing Group companies				15				15	15	(2)	13
Equity as at December 31, 2014	**654**	**7,776**	**(82)**	**18,438**	**(13)**	**(5)**	**(9,338)[1]**	**9,082**	**17,430**	**2,682**	**20,112**
Equity as at January 1, 2013	**654**	**8,573**	**(114)**	**15,808**	**132**	**(7)**	**(8,608)**	**7,324**	**16,437**	**2,797**	**19,234**
Net income......................				1,272				1,272	1,272	324	1,596
Other comprehensive earnings				169	(79)	4	(1,281)	(1,186)	(1,186)	(302)	(1,488)
Total comprehensive earnings				1,442	(79)	4	(1,281)	86	86	22	108
Payout.............................		(374)							(374)	(199)	(573)
Change in treasury shares.			1	(1)			0	(1)	0		0
Share-based remuneration		2	12				0	0	13		13
Capital paid-in by non-controlling interest										6	6
Disposal of participation in Group companies										(109)	(109)
Change in participation in existing Group companies				44				44	44	(46)	(1)
Equity as at December 31, 2013	**654**	**8,200**	**(102)**	**17,294**	**52**	**(4)**	**(9,889)**	**7,453**	**16,206**	**2,471**	**18,678**

Note:

(1) Currency translation adjustments include CHF -22 million relating to assets and directly associated liabilities classified as held for sale, see note 21.

Consolidated statement of cash flows of Group Holcim

	Notes	2014	2013
		Million CHF	
Net income before taxes		**2,207**	**2,128**
Other income	11	(179)	(204)
Share of profit of associates and joint ventures	23	(140)	(161)
Financial expenses net	12, 13	429	594
Operating profit		**2,317**	**2,357**
Depreciation, amortization and impairment of operating assets	9	1,430	1,538
Other non-cash items		217	178
Change in net working capital		(393)	(217)
Cash generated from operations		**3,571**	**3,857**
Dividends received		73	137
Interest received		124	145
Interest paid		(582)	(652)
Income taxes paid		(679)	(659)
Other expenses		(8)	(42)
Cash flow from operating activities (A)		**2,498**	**2,787**
Purchase of property, plant and equipment		(1,968)	(2,205)
Disposal of property, plant and equipment		209	205
Acquisition of participation in Group companies		(2)	(8)
Disposal of participation in Group companies		36	407
Purchase of financial assets, intangible and other assets		(300)	(263)
Disposal of financial assets, intangible and other assets		300	199
Cash flow from investing activities (B)	**39**	**(1,724)**	**(1,665)**
Payout on ordinary shares	16	(424)	(374)
Dividends paid to non-controlling interest		(297)	(202)
Capital paid-in by non-controlling interest		6	6
Movement of treasury shares	35	11	0
Proceeds from current financial liabilities		3,833	6,252
Repayment of current financial liabilities		(3,506)	(6,465)
Proceeds from long-term financial liabilities		2,849	2,635
Repayment of long-term financial liabilities		(3,453)	(3,471)
Increase in participation in existing Group companies		(3)	(5)
Decrease in participation in existing Group companies		10	0
Cash flow from financing activities (C)		**(975)**	**(1,625)**
Decrease in cash and cash equivalents (A + B + C)		**(201)**	**(503)**
Cash and cash equivalents as at January 1 (net)	**17**	**1,993**	**2,711**
Decrease in cash and cash equivalents		(201)	(503)
Currency translation effects		150	(215)
Cash and cash equivalents as at December 31 (net)	**17**	**1,942**	**1,993**

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Adoption of revised and new International Financial Reporting Standards and interpretations

In 2014, Group Holcim adopted no new or revised standards or interpretations relevant to the Group.

In 2015, Group Holcim will adopt the following amended standard relevant to the Group:

IAS 19 (amended)	*Employee Benefits*
Improvements to IFRSs	*Clarifications of existing IFRSs (issued in December 2013)*

The amendment to IAS 19 relating to defined benefit plans clarifies how employee contributions which are linked to service should be attributed to the periods of service. For contributions that are independent of the number of years of service, the amendment permits a company to reduce service cost either (a) by attributing them to periods of service or (b) by reducing service costs in the period in which the related service is rendered. Since Group Holcim already applied the option (a) above, the amendment to IAS 19 will therefore not impact the consolidated financial statements.

The improvements to IFRSs relate largely to clarification issues only. Therefore, the adoption of these amendments will not materially impact the Group's financial statements.

In 2016, Group Holcim will adopt the following amended standards relevant to the Group:

Amendments to IAS 1	*Disclosure Initiative*
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to I AS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortization*
Improvements to IFRSs	*Clarifications of existing IFRSs (issued in September 2014)*

The amendments to IAS 1 Presentation of Financial Statements largely clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances. The adoption of this amendment will not materially impact the presentation of the Group's financial statements.

The amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures require a full gain to be recognized when the assets transferred to an associate or joint venture meet the definition of a business under IFRS 3 Business Combinations whereas a gain is only recognized to the extent of the unrelated investor's interest in that associate or joint venture when the assets transferred do not meet the definition of a business under IFRS 3. The adoption of this amendment will not materially impact the Group's financial statements.

The amendments to IFRS 11 Joint Arrangements require business combination accounting according to IFRS 3 Business Combinations to be applied to an acquisition of an interest in a joint operation that constitutes a business. The adoption of this amendment will not materially impact the Group's financial statements.

The amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets clarify that revenue-based amortization is generally inappropriate. The adoption of this amendment will not impact the Group's financial statements.

The improvements to IFRSs relate largely to clarification issues only. Therefore, the adoption of these amendments will not materially impact the Group's financial statements.

In 2017, Group Holcim will adopt the following new standard relevant to the Group:

IFRS 15	*Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. The Group is in the process of evaluating the impact IFRS 15 may have on its consolidated financial statements.

In 2018, Group Holcim will adopt the following new standard relevant to the Group:

IFRS 9	*Financial Instruments*

In July 2014, the IASB issued IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement and that will change the classification and measurement requirements of financial assets and financial liabilities and the general hedge accounting rules. The Group is in the process of evaluating the impact IFRS 9 may have on its consolidated financial statements.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates.

Critical estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate primarily to goodwill, and to a lesser extent, defined benefit obligations, deferred tax assets, site restoration and other long-term provisions, depreciation of property, plant and equipment and the disclosure of contingent liabilities at the end of the reporting period. The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty (note 32).

The Group tests annually whether goodwill has suffered any impairment in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 25).

All estimates mentioned above are further detailed in the corresponding disclosures.

Scope of consolidation

The consolidated financial statements comprise those of Holcim Ltd and of its subsidiaries, including interests in joint operations. The list of principal companies is presented in the section "Principal companies of the Holcim Group".

Principles of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise is able to exercise control over the operations, are consolidated. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given at the date of exchange. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the statement of income. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the date of acquisition.

When Group Holcim acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

If the business combination is achieved in stages, the carrying amount of Group Holcim's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions and balances between Group companies are eliminated in full.

Changes in the ownership interest of a subsidiary that do not result in loss of control are accounted for as an equity transaction. Consequently, if Holcim acquires or partially disposes of a non-controlling interest in a subsidiary, without losing control, any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in retained earnings.

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the non-controlling shareholders mainly as part of a business combination. If the Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the non-controlling interest recognized as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent fair value changes of the financial liability are recognized in profit or loss and no earnings are attributed to the non-controlling interest. However, where the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent fair value changes of the financial liability are recognized directly in retained earnings.

Interests in joint arrangements are interests over which the Group exercises joint control and are classified as either joint operations or joint ventures depending on the contractual rights and obligations arising from the agreement rather than the legal structure of the joint arrangement. If the interest is classified as a joint operation, the Group recognizes its share of the assets, liabilities, revenues and expenses in the joint operation in accordance with the relevant IFRSs. All transactions and balances between the Group and the joint operation are eliminated to the extent of the Group's interest in the joint operation. When such transactions provide evidence of a reduction in the net realizable value of the assets to be sold or contributed to the joint operation, or of an impairment loss of those assets, those losses are fully recognized.

Associates are companies in which the Group generally holds between 20 and 50 percent of the voting rights and over which the Group has significant influence but does not exercise control.

Investments in associated companies and joint ventures are accounted for using the equity method of accounting.

Goodwill arising from the acquisition is included in the carrying amount of the investment in associated companies and joint ventures. Equity accounting is discontinued when the carrying amount of the investment together with any long-term interest in an associated company or joint venture reaches zero, unless the Group has also either incurred or guaranteed additional obligations in respect of the associated company or joint venture.

Foreign currency translation

The assets and liabilities of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Statements of income of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and statements of financial position are translated at the exchange rates prevailing on December 31.

Goodwill arising from the acquisition of a foreign operation is expressed in the functional currency of the foreign operation and is translated at the closing rate.

Foreign currency transactions translated into the functional currency are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except when deferred outside the statement of income as qualifying cash flow hedges or net investment hedges.

Exchange differences arising on monetary items that form part of a company's net investment in a foreign operation are reclassified to equity (currency translation adjustment) in the consolidated financial statements and are fully reclassified to the statement of income should Group Holcim lose control of a subsidiary, lose joint control over an interest in a joint arrangement or lose significant influence in an associate. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the net gain or loss on sale, except for a partial disposal of a subsidiary without loss of control.

Segment information

For management purposes, the Group is organized by geographical areas and has five reportable segments based on the location of assets as follows:

Asia Pacific
Latin America
Europe
North America
Africa Middle East

Each of the above reportable segments derives its revenues from the sale of cement, aggregates and other construction materials and services.

The Group has three product lines:

Cement, which comprises clinker, cement and other cementitious materials
Aggregates
Other construction materials and services, which comprises ready-mix concrete, concrete products, asphalt, construction and paving, trading and other products and services

Group financing (including financing costs and financing income) and income taxes are managed on a Group basis and are not allocated to any reportable segments.

Transfer prices between segments are set on an arms-length basis in a manner similar to transactions with third parties. Segment revenue and segment result include transfers between segments. Those transfers are eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents are financial assets. Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term, highly liquid investments, net of bank overdrafts.

Accounts receivable

Trade accounts receivable are carried at the original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts of the financial asset at the year end.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials and additives, direct labor, other direct costs and related production overheads. Cost of inventories includes transfers from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

Long-term financial assets

Long-term financial assets consist of (a) financial investments – third parties, (b) long-term receivables – associates and joint ventures, (c) long-term receivables – third parties, and (d) derivative assets. Financial investments in third parties are classified as available-for-sale and long-term receivables from associates, joint ventures and third parties are classified as loans and receivables. Derivative assets are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 Financial Instruments: Recognition and Measurement, in which case they will be classified as held for trading.

All purchases and sales of long-term financial assets are recognized on trade date, which is the date that the Group commits to purchase or sell the asset. The purchase cost includes transaction costs, except for derivative instruments. Loans and receivables are measured at amortized cost using the effective interest method. Available-for-sale investments are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are included in other comprehensive earnings until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in other comprehensive earnings is reclassified from equity to the statement of income.

Property, plant and equipment

Property, plant and equipment is valued at acquisition or construction cost less depreciation and impairment loss. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Land	No depreciation except on land with raw material reserves
Buildings and installations	20 to 40 years
Machinery	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Group in future periods and the cost of the item can be measured reliably. Costs include the initial estimate of the costs for dismantling and removing the item and for restoring the site on which it is located. All other repairs and maintenance expenses are charged to the statement of income during the period in which they are incurred.

Mineral reserves, which are included in the class "land" of property, plant and equipment, are valued at cost and are depreciated based on the unit-of-production method over their estimated commercial lives.

Costs incurred to gain access to mineral reserves are capitalized and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves.

Interest costs on borrowings to finance construction projects, which necessarily take a substantial period of time to get ready for their intended use, are capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Government grants received are deducted from property, plant and equipment and reduce the depreciation charge accordingly.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is capitalized at the date of the commencement of the lease term at the present value of the minimum future lease payments or, if lower, at an amount equal to the fair value of the leased asset as determined at the inception of the lease. The corresponding lease obligations, excluding finance charges, are included in either current or long-term financial liabilities.

For sale-and-lease-back transactions, the book value of the related property, plant or equipment remains unchanged. Proceeds from a sale are included as a financing liability and the financing costs are allocated over the term of the lease in such a manner that the costs are reported over the relevant periods.

Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries and interests in joint operations is included in intangible assets. Such goodwill is tested annually for impairment or whenever there are impairment indicators, and is carried at cost less accumulated impairment losses. Goodwill on acquisitions of associates and joint ventures is included in the carrying amount of the respective investments. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

On disposal of a subsidiary or joint operation the related goodwill is included in the determination of profit or loss on disposal.

Goodwill on acquisitions of subsidiaries and interests in joint operations is allocated to cash generating units for the purpose of impairment testing (note 25). Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets

Expenditure on acquired patents, trademarks, licenses and other intangible assets is capitalized and amortized using the straight-line method over their estimated useful lives, but not exceeding 20 years.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Group estimates the recoverable amount of the smallest cash generating unit to which the non-financial asset belongs. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. If the recoverable amount of a non-financial asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset or cash generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for that non-financial asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of income.

Impairment of financial assets

At each reporting date, the Group assesses whether there is any indication that a financial asset may be impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any reversal of an impairment loss is recognized in profit or loss.

An impairment loss in respect of an available-for-sale financial asset is recognized in the statement of income and is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. Reversals of impairment losses on equity instruments classified as available-for-sale are recognized in other comprehensive earnings, while reversals of impairment losses on debt instruments are recognized in profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the statement of income.

In relation to accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectable.

Long-term financial liabilities

Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost, using the effective interest method, with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the statement of income over the term of the borrowings.

Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognized and included in shareholders' equity; the value of the conversion option is not remeasured in subsequent periods.

Long-term derivative liabilities are regarded as held for hedging unless they do not meet the strict hedging criteria stipulated under IAS 39 Financial Instruments: Recognition and Measurement, in which case they will be classified as held for trading.

Financial liabilities that are due within 12 months after the end of the reporting period are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until more than 12 months after the reporting period.

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences or unused tax losses can be utilized. Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries, associates and interests in joint arrangements except where the Group is able to control the distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future.

Deferred tax is charged or credited in the statement of income, except when it relates to items credited or charged outside the statement of income, in which case the deferred tax is treated accordingly.

Site restoration and other environmental provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through operating costs over the life of the site, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition. All provisions are discounted to their present value.

Emission rights

The initial allocation of emission rights granted is recognized at nominal amount (nil value). Where a Group company has emissions in excess of the emission rights granted, it will recognize a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not intend to speculate with these in the open market.

Other provisions

A provision is recognized when there exists a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Employee benefits – Defined benefit plans

Some Group companies provide defined benefit pension plans for employees. Professionally qualified independent actuaries value the defined benefit obligations on a regular basis. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognized immediately when they occur.

Remeasurements, which comprise actuarial gains and losses on the pension obligation, the return on plan assets and changes in the effect of the asset ceiling excluding amounts included in net interest, are recognized directly in other comprehensive earnings and are not reclassified to profit or loss in a subsequent period. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Employee benefits – Defined contribution plans

In addition to the defined benefit plans described above, some Group companies sponsor defined contribution plans based on local practices and regulations. The Group's contributions to defined contribution plans are charged to the statement of income in the period to which the contributions relate.

Employee benefits – Other long-term employment benefits

Other long-term employment benefits include long-service leave or sabbatical leave, medical aid, jubilee or other long-service benefits, long-term disability benefits and, if they are not expected to be settled wholly within twelve months after the year end, profit sharing, variable and deferred compensation.

The measurement of these obligations differs from defined benefit plans in that all remeasurements are recognized immediately in profit or loss and not in other comprehensive earnings.

Employee benefits – Equity compensation plans

The Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The amounts are charged to the statement of income over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting (note 33).

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery has taken place and the transfer of risks and rewards of ownership has been completed. The significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery when the bill of lading is signed by the customer as evidence that they have accepted the product delivered to them.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder’s right to receive payment is established.

Certain Group activities are driven by construction contracts. Consequently, contract revenue and contract costs are recognized in the statement of income using the percentage of completion method, with the stage of completion being measured by reference to actual work performed to date.

Contingent liabilities

Contingent liabilities arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Holcim. They are accordingly only disclosed in the notes to the financial statements.

Financial instruments

Information on accounting for derivative financial instruments and hedging activities is included in the section “Risk management”.

Risk management

Group risk management

Group Risk Management supports the Board of Directors, the Executive Committee and the management teams of the Group companies in their strategic decisions. Group Risk Management aims to systematically recognize major risks the company encounters. All types of risks from industry, operations, finance and legal, up to the external business environment are considered including compliance, sustainable development and reputational aspects. Risks are understood as the effect of uncertainty on business objectives which can be an opportunity or a threat. The risk horizon includes long-term strategic risks but also short- to medium-term business risks. Potential risks are identified and evaluated at an early stage and monitored. Countermeasures are proposed and implemented at the appropriate level so that risk management remains a key responsibility of the line management. Risk transfer through insurance solutions forms an integral part of Group Risk Management.

The Group's risk profile is established by top-down, bottom-up and functional risk assessments which are combined to a Group 360° risk analysis. Besides the Group companies, the Board of Directors, the Executive Committee and selected Corporate Function Heads are involved in the risk assessment during the Group's management cycle. The Executive Committee reports regularly to the Board of Directors on important risk findings and provides updates on the measures taken.

Financial risk management

The Group's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. Therefore, the Group does not enter into derivative or other financial transactions which are unrelated to its operating business.

Financial risk management within the Group is governed by policies approved by key management personnel. It provides principles for overall risk management as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and the investing of excess cash.

Liquidity risk

Group companies need liquidity to meet their obligations. Individual companies are responsible for their own cash balances and the raising of internal and external credit lines to cover the liquidity needs, subject to guidance by the Group.

The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements. In addition, the strong creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

In general, the Group does not hold or acquire any shares or options on shares or other equity products which are not directly related to the business of the Group.

Contractual maturity analysis

	Contractual undiscounted cash flows							
	Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Thereafter	Total	Carrying amount
				Million CHF				
2014								
Trade accounts payable	2,101						2,101	2,101
Loans from financial institutions	1,411	428	643	145	96	98	2,822	2,833
Bonds, private placements and commercial paper notes	1,128	926	1,313	1,038	1,018	3,416	8,840	8,861
Interest payments	466	425	355	247	191	1,086	2,769	
Finance leases	22	18	16	12	12	62	143	96
Derivative financial instruments net(1)	(14)	(17)	(6)	(3)	(3)	17	(26)	(47)
Total	**5,114**	**1,780**	**2,322**	**1,440**	**1,314**	**4,679**	**16,650**	
2013								
Trade accounts payable	1,934						1,934	1,934
Loans from financial institutions	797	385	402	112	65	187	1,949	1,952
Bonds, private placements and commercial paper notes	2,173	765	880	1,293	879	3,658	9,648	9,652
Interest payments	534	390	357	304	217	1,143	2,944	
Finance leases	25	20	15	15	14	61	150	101
Derivative financial instruments net(1)	(24)	(19)	(21)	(17)	(4)	(63)	(149)	(101)
Total	**5,439**	**1,540**	**1,632**	**1,708**	**1,171**	**4,986**	**16,476**	

Note:

(1) All derivative financial instruments are held for hedging. The contractual cash flows include both cash in- and outflows. Additional information is disclosed in note 29.

The maturity profile is based on contractual undiscounted amounts including both interest and principal cash flows and based on the earliest date on which Holcim can be required to pay.

Contractual interest cash flows relating to a variable interest rate are calculated based on the rates prevailing as of December 31.

Market risk

Holcim is exposed to market risk, primarily relating to foreign exchange and interest rate risk. To manage the volatility relating to these exposures, Holcim enters into a variety of derivative financial instruments. The Group’s objective is to reduce fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk.

Interest rate risk

Interest rate risk arises from movements in interest rates which could affect the Group’s financial result and market values of its financial instruments. The Group is primarily exposed to fluctuations in interest rates on its financial liabilities at floating rates which may cause variations in the Group’s financial result. The exposure is addressed through the management of the fixed/floating ratio of financial liabilities. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments based on notional amounts and agreed-upon fixed and floating interest rates.

Interest rate sensitivity

The Group's sensitivity analysis has been determined based on the interest rate exposure relating to the Group's financial liabilities at a variable rate on a post hedge basis as at December 31.

A 1 percentage point change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

At December 31, a 1 percentage point shift in interest rates, with all other assumptions held constant, would result in approximately CHF 38 million (2013: 36) of annual additional/lower financial expenses before tax on a post hedge basis.

The Group's sensitivity to interest rates is slightly higher than last year mainly due to a shift of the reset dates of floating rate liabilities towards the lower end of the one year period. This effect has even compensated the decrease of the ratio of financial liabilities at variable rates to total financial liabilities from 44 percent to 42 percent.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

Currency risk

The Group operates internationally in around 70 countries and is therefore exposed to foreign currency risks.

The translation of foreign operations into the Group reporting currency leads to currency translation effects. The Group may hedge certain net investments in foreign entities with foreign currency borrowings or other instruments. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. To the extent that the net investment hedge is effective, all foreign exchange gains or losses are recognized in equity and included in currency translation adjustments.

Due to the local nature of the construction materials business, transaction risk is limited. However, for many Group companies, income will be primarily in local currency, whereas debt servicing and a significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, subsidiaries may enter into derivative contracts which are designated as either cash flow hedges or fair value hedges, as appropriate, but which in general do not include the hedging of forecasted transactions.

Currency sensitivity

The Group's sensitivity analysis has been determined based on the Group's net transaction exposure that arises on monetary financial assets and liabilities at December 31 that are denominated in a foreign currency other than the functional currency in which they are measured. The Group's net foreign currency transaction risk mainly arises from CHF, USD and EUR against the respective currencies the Group operates in.

A 5 percent change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates.

A 5 percent change in CHF, USD and EUR against the respective currencies the Group operates in would only have an immaterial impact on foreign exchange (loss) gains net on a post hedge basis in both the current and prior year.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

Capital structure

The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets, in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions, its business activities, the investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase debt or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of the ratio of funds from operations as a percentage of net financial debt and the ratio of net financial debt to EBITDA.

Funds from operations is calculated as net income plus depreciation, amortization and impairment as shown in the consolidated statement of income. Net financial debt is calculated as financial liabilities less cash and cash equivalents as shown in the consolidated statement of financial position.

The net financial debt to EBITDA ratio is used as an indicator of financial risk and shows how many years it would take the Group to pay back its debt.

During 2014, the Group's target, which remained the same as in 2013, was to maintain a ratio of funds from operations as a percentage of net financial debt of at least 25 percent and a net financial debt to EBITDA ratio of less than 2.8x.

	2014	**2013**
	Million CHF	
Net income	1,619	1,596
Depreciation, amortization and impairment (note 9)	1,434	1,565
Funds from operations	3,053	3,161
Financial liabilities (note 27)	11,793	11,705
Cash and cash equivalents (note 17)	(2,149)	(2,244)
Net financial debt	9,644	9,461
Funds from operations/net financial debt	**31.7%**	**33.4%**
Net financial debt	9,644	9,461
EBITDA	4,156	4,332
Net financial debt/EBITDA	**2.3**	**2.2**

Credit risk

Credit risks arise, among others, from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers.

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparty to be unable to fulfill their obligations under their respective financing agreements. At year end, Holcim has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position.

Accounting for derivative financial instruments and hedging activities

The Group mainly uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures relating to debt, as well as foreign exchange contracts to hedge firm commitments for the acquisition of certain property, plant and equipment.

The fair values of various derivative instruments are disclosed in note 29. Movements in the cash flow hedging reserve are shown in the statement of changes in consolidated equity of Group Holcim.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a firm commitment (cash flow hedge) or (d) a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the statement of income, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized outside the statement of income. Where the firm commitment results in the recognition of an asset, for example, property, plant and equipment, or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the statement of income and classified as revenue or expense in the same periods during which the cash flows, such as hedged firm commitments or interest payments, affect the statement of income.

Fair value estimation

The fair value of publicly traded financial instruments is generally based on quoted market prices at the end of the reporting period.

For non-publicly traded financial instruments, the fair value is determined by using a variety of methods, such as the discounted cash flow method and option pricing models. The valuation methods seek to maximize the use of observable market data existing at the end of the reporting period.

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

Fair values

	Carrying amount (by measurement basis)				
	Amortized cost	**Fair value level 1**	**Fair value level 2**	**Total**	**Comparison Fair value**
			Million CHF		
2014					
Current financial assets					
Cash and cash equivalents	2,149			2,149	
Trade accounts receivable	2,226			2,226	
Other receivables	211			211	
Other current assets		1[(1)]		1	
Long-term financial assets					
Long-term receivables	327			327	331[(4)]
Financial investments third parties	28[(2)]	2[(1)]	85[(1)]	115	
Derivative assets[(3)]			50	50	
Current financial liabilities					
Trade accounts payable	2,101			2,101	
Current financial liabilities	2,499			2,499	
Derivative liabilities[(3)]			3	3	
Long-term financial liabilities					
Long-term financial liabilities	9,291			9,291	10,347[(5)]

Notes:

(1) Available-for-sale.

(2) Financial investments measured at cost.

(3) Held for hedging.

(4) The comparison fair value for long-term receivables consists of CHF 6 million level 1 and CHF 326 million level 2 fair value measurements.

(5) The comparison fair value for long-term financial liabilities consists of CHF 8,191 million level 1 and CHF 2,156 million level 2 fair value measurements.

	Carrying amount (by measurement basis)				
	Amortized cost	**Fair value level 1**	**Fair value level 2**	**Total**	**Comparison Fair value**
			Million CHF		
2013					
Current financial assets					
Cash and cash equivalents	2,244			2,244	
Trade accounts receivable	2,121			2,121	
Other receivables	152			152	
Other current assets		1(1)	86(1)	87	
Derivative assets(3)			6	6	
Long-term financial assets					
Long-term receivables	314			314	316(4)
Financial investments third parties	35(2)	2(1)	89(1)	126	
Derivative assets(3)			96	96	
Current financial liabilities					
Trade accounts payable	1,934			1,934	
Current financial liabilities	2,920			2,920	
Derivative liabilities(3)			1	1	
Long-term financial liabilities					
Long-term financial liabilities	8,785			8,785	9,303(5)

Notes:

(1) Available-for-sale.

(2) Financial investments measured at cost.

(3) Held for hedging.

(4) The comparison fair value for long-term receivables consists of CHF 4 million level 1 and CHF 312 million level 2 fair value measurements.

(5) The comparison fair value for long-term financial liabilities consists of CHF 7,416 million level 1 and CHF 1,887 million level 2 fair value measurements.

The table shows the carrying amounts and fair values of financial assets and liabilities.

The levels of fair value hierarchy used are defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets.

Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of interest rate and currency swaps is determined by discounting estimated future cash flows, and the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period.

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2014 and 2013, there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2014 and 2013.

Notes to the consolidated financial statements

1 Changes in the scope of consolidation

During 2014 and 2013, there were no business combinations that were either individually material or that were considered material on an aggregated basis.

On March 28, 2013, Holcim disposed of a 25 percent equity interest in Cement Australia to HeidelbergCement, and retained a 50 percent equity interest in that company. This resulted in a net gain on disposal of CHF 136 million (AUD 151 million) included in "Other income". This transaction resulted in Holcim losing control of Cement Australia and obtaining joint control over that entity. According to IFRS 11 Joint Arrangements, it has been classified as a joint operation.

An overview of the subsidiaries, joint ventures and associated companies is included in the section "Principal companies of the Holcim Group" on pages 219 to 221.

2 Principal exchange rates

The following table summarizes the principal exchange rates that have been used for translation purposes.

		Statement of income		Statement of financial position	
		Average exchange rates in CHF		Year-end exchange rates in CHF	
		2014	2013	31.12.2014	31.12.2013
1 Euro	EUR	1.21	1.23	1.20	1.23
1 US Dollar	USD	0.92	0.93	0.99	0.89
1 British Pound	GBP	1.51	1.45	1.54	1.47
1 Australian Dollar	AUD	0.83	0.90	0.81	0.79
1 Canadian Dollar	CAD	0.83	0.90	0.85	0.84
1,000 Indonesian Rupiah	IDR	0.08	0.09	0.08	0.07
100 Indian Rupee	INR	1.50	1.59	1.56	1.44
100 Moroccan Dirham	MAD	10.88	11.02	10.95	10.90
100 Mexican Peso	MXN	6.88	7.27	6.72	6.81
100 Philippine Peso	PHP	2.06	2.19	2.21	2.00

3 Information by reportable segment

	Asia Pacific		Latin America		Europe		North America		Africa Middle East		Corporate/ Eliminations		Total Group	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Capacity and sales														
Million t														
Annual cement production capacity	96.4	90.3	35.3	35.3	46.8	47.7	21.9	22.0	11.0	11.0			211.4	206.2
Sales of cement	71.2	70.3	24.6	25.0	26.4	26.7	13.0	11.7	8.3	7.9	(3.2)	(2.6)	140.3	138.9
of which mature markets	2.7	3.0			14.6	15.0	13.0	11.7						
of which emerging markets	68.6	67.3	24.6	25.0	11.7	11.7			8.3	7.9				
Sales of mineral components	0.6	0.7			2.3	2.1	1.4	1.3					4.3	4.1
Sales of aggregates	24.8	25.2	7.5	10.2	73.1	74.1	45.7	42.8	2.0	2.2			153.1	154.5
of which mature markets	22.3	22.8			63.8	65.3	45.7	42.8						
of which emerging markets	2.5	2.4	7.5	10.2	9.3	8.8			2.0	2.2				
Sales of asphalt					5.6	4.9	4.5	4.1					10.0	8.9
Million m(3)														
Sales of ready-mix concrete	10.8	10.9	6.4	8.0	11.9	12.3	7.2	7.5	0.7	0.8			37.0	39.5
of which mature markets	5.1	4.8			10.0	10.6	7.2	7.5						
of which emerging markets	5.7	6.1	6.4	8.0	1.9	1.7			0.7	0.8				
Statement of income, statement of financial position and statement of cash flows														
Million CHF														
Net sales to external customers	6,926	7,210	2,896	3,198	5,208	5,282	3,336	3,171	745	857			19,110	19,719
Net sales to other segments	44	72	117	150	346	329			117	27	(623)	(578)		
Total net sales	6,970	7,282	3,012	3,349	5,554	5,611	3,336	3,171	861	884	(623)	(578)	19,110	19,719
of which mature markets	1,775	2,043			4,465	4,423	3,336	3,171						
of which emerging markets	5,195	5,240	3,012	3,349	1,089	1,188			861	884				
Operating EBITDA	1,332	1,473	861	938	991	946	600	494	276	283	(314)	(238)	3,747	3,896
Operating EBITDA margin in %	19.1	20.2	28.6	28.0	17.8	16.9	18.0	15.6	32.1	32.0			19.6	19.8
Depreciation, amortization and impairment of operating assets	(398)	(442)	(197)	(216)	(482)	(510)	(286)	(295)	(56)	(67)	(10)	(8)	(1,430)	(1,538)
Operating profit (loss)	934	1,030	663	722	510	436	314	199	220	216	(324)	(247)	2,317	2,357
of which mature markets	150	176			312	295	314	199						
of which emerging markets	784	854	663	722	198	141			220	216				
Operating profit margin in %	13.4	14.1	22.0	21.6	9.2	7.8	9.4	6.3	25.5	24.5			12.1	12.0
Depreciation, amortization and impairment of non-operating assets	0	(6)	(1)	0	(2)	(1)	0	(1)					(4)	(8)
Other (expenses) income	(122)	(85)	(104)	(143)	(132)	(138)	(24)	(66)	(13)	7	573	629	179	204

	Asia Pacific		Latin America		Europe		North America		Africa Middle East		Corporate/ Eliminations		Total Group	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Share of profit of associates and joint ventures	11	8	(1)	0	6	5					124	149	140	161
Other financial income	9	7	6	3	5	8	1	3			66	43	87	63
EBITDA	1,231	1,408	763	798	872	822	577	431	264	290	448	583	4,156	4,332
Investments in associates and joint ventures	70	65	0	1	265	263			2	2	1,421	1,231	1,758	1,562
Net operating assets	7,408	6,540	3,456	3,331	7,964	8,112	6,282	5,940	852	783	(16)	7	25,946	24,712
Total assets(1)	11,889	10,616	5,436	5,083	12,713	13,479	7,568	6,947	1,240	1,339	838	481	39,684	37,944
Total liabilities(1)	4,994	4,441	3,597	3,208	6,283	6,511	4,109	3,851	634	610	(45)(5)	646(5)	19,572	19,267
Cash flow from operating activities	831	1,179	283	478	485	502	384	249	163	183	352	197	2,498	2,787
Cash flow margin in %	11.9	16.2	9.4	14.3	8.7	8.9	11.5	7.8	18.9	20.7			13.1	14.1
Acquisition cost segment assets(2)	829	924	530	636	414	470	189	140	35	46	4	11	2,000	2,227
Cash flow from investing activities(3)	(867)	(790)	(477)	(605)	(415)	(403)	(115)	(98)	(23)	(6)	172	237	(1,724)	(1,665)
Impairment loss(4)	(2)	(17)	(5)	(7)	(7)	(16)	(5)	(3)	0	(10)	0	(16)	(20)	(69)
Personnel														
Number of personnel	31,850	34,080	10,733	11,181	15,399	15,868	6,777	6,791	1,928	2,128	897	809	67,584	70,857

Notes:

(1) Due to the reallocation of a reporting unit from "Corporate/Eliminations" to "Asia Pacific", the allocation of the positions "Total assets" and "Total liabilities" changed and as a result, the comparative figures for these two reportable segments were restated accordingly by CHF 495 million for "Total assets" and by CHF 1,415 million for "Total liabilities".

(2) Property, plant and equipment and intangible assets acquired during the period.

(3) Net investments in property, plant and equipment, Group companies, financial assets, intangible and other assets.

(4) Included in depreciation, amortization and impairment of operating and non-operating assets respectively.

(5) The amount of CHF -45 million (2013: 646) consists of borrowings by Corporate from third parties amounting to CHF 9,997 million (2013: 9,836) and eliminations for cash transferred to regions of CHF 10,042 million (2013: 9,190).

Reconciling measures of profit and loss to the consolidated statement of income of Group Holcim

	Notes	2014	2013
		Million CHF	
Operating profit		**2,317**	**2,357**
Depreciation, amortization and impairment of operating assets	9	1,430	1,538
Operating EBITDA		**3,747**	**3,896**
Dividends earned	11	5	4
Other ordinary income	11	177	208
Share of profit of associates and joint ventures	23	140	161
Other financial income	12	87	63
EBITDA		**4,156**	**4,332**
Depreciation, amortization and impairment of operating assets	9	(1,430)	(1,538)
Depreciation, amortization and impairment of non-operating assets	11	(4)	(8)
Interest earned on cash and marketable securities	12	96	120
Financial expenses	13	(611)	(777)
Net income before taxes		**2,207**	**2,128**

4 Information by product line

	Cement[1]		Aggregates		Other construction materials and services		Corporate/ Eliminations		Total Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Million CHF									
Statement of income, statement of financial position and statement of cash flows										
Net sales to external customers	11,575	11,884	1,538	1,585	5,997	6,249			19,110	19,719
Net sales to other segments	934	1,055	866	842	551	562	(2,352)	(2,460)		
Total net sales	12,509	12,939	2,404	2,428	6,548	6,812	(2,352)	(2,460)	19,110	19,719
of which Asia Pacific	5,345	5,497	554	647	1,522	1,641	(451)	(503)	6,970	7,282
of which Latin America	2,569	2,747	61	85	632	822	(250)	(305)	3,012	3,349
of which Europe	2,441	2,618	1,240	1,189	2,606	2,545	(732)	(742)	5,554	5,611
of which North America	1,518	1,369	519	478	1,667	1,694	(368)	(369)	3,336	3,171
of which Africa Middle East	793	807	28	26	76	84	(36)	(33)	861	884
of which Corporate/ Eliminations	(158)	(99)	3	2	46	26	(515)	(507)	(623)	(578)
Operating profit (loss)	2,104	2,236	214	188	0	(67)			2,317	2,357
of which Asia Pacific	851	915	74	95	10	21			934	1,030
of which Latin America	653	697	1	11	9	14			663	722
of which Europe	396	414	118	83	(4)	(61)			510	436
of which North America	257	171	47	34	10	(6)			314	199
of which Africa Middle East	221	221	3	1	(4)	(6)			220	216
of which Corporate/ Eliminations	(275)	(182)	(29)	(36)	(20)	(29)			(324)	(247)
Operating profit (loss) margin in %	16.8	17.3	8.9	7.8	0.0	(1.0)			12.1	12.0
Net operating assets	17,585	16,641	4,997	4,848	3,364	3,222			25,946	24,712
Acquisition cost segment assets[2]	1,620	1,756	238	227	138	240	4	3	2,000	2,227
Cash flow from investing activities[3]	(1,621)	(1,708)	(206)	(157)	(87)	(113)	190	313	(1,724)	(1,665)
Personnel										
Number of personnel	44,403	47,179	5,722	5,812	16,825	17,376	634	490	67,584	70,857

Notes:

(1) Cement, clinker and other cementitious materials.

(2) Property, plant and equipment and intangible assets acquired during the period.

(3) Net investments in property, plant and equipment, Group companies, financial assets, intangible and other assets.

5 Information by country

	Net sales to external customers		Non-current assets	
	2014	**2013**	**2014**	**2013**
	Million CHF			
Switzerland	654	697	969	980
India	3,163	3,187	4,277	3,762
USA	2,181	1,923	5,616	5,155
United Kingdom	1,920	1,720	2,349	2,283
Australia	1,615	1,890	1,816	1,767
Other countries	9,577	10,302	14,162	13,568
Total Group	**19,110**	**19,719**	**29,189**	**27,515**

Net sales to external customers are based primarily on the location of assets (origin of sales).

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

6 Change in net sales

	2014	**2013**
	Million CHF	
Volume and price	595	49
Change in structure	(173)	(692)
Currency translation effects	(1,030)	(798)
Total	**(609)**	**(1,441)**

7 Production cost of goods sold

	2014	**2013**
	Million CHF	
Material expenses	(3,163)	(3,291)
Fuel expenses	(1,141)	(1,198)
Electricity expenses	(918)	(899)
Personnel expenses	(1,578)	(1,635)
Depreciation, amortization and impairment	(1,184)	(1,279)
Other production expenses	(2,539)	(2,692)
Change in inventory	(26)	(93)
Total	**(10,548)**	**(11,087)**

8 Distribution and selling expenses

	2014	2013
	Million CHF	
Distribution expenses	(4,353)	(4,406)
Selling expenses	(570)	(614)
Total	**(4,924)**	**(5,021)**

9 Summary of depreciation, amortization and impairment

	2014	2013
	Million CHF	
Production facilities	(1,184)	(1,279)
Distribution and sales facilities	(166)	(185)
Administration facilities	(80)	(75)
Total depreciation, amortization and impairment of operating assets (A)	**(1,430)**	**(1,538)**
Impairment of long-term financial assets	(1)	(19)
Impairment of investments in associates and joint ventures	0	(2)
Ordinary depreciation of non-operating assets	(3)	(3)
Unusual write-offs	(1)	(3)
Total depreciation, amortization and impairment of non-operating assets (B)	**(4)**	**(27)**
Total depreciation, amortization and impairment (A + B)	**(1,434)**	**(1,565)**
Of which depreciation of property, plant and equipment (note 24)	(1,344)	(1,420)

10 Change in operating profit

	Million CHF	
Volume, price and cost	100	764
Change in structure	7	(43)
Currency translation effects	(147)	(112)
Total	**(40)**	**608**

11 Other income

	2014	2013
	Million CHF	
Dividends earned	5	4
Other ordinary income	177	208
Depreciation, amortization and impairment of non-operating assets	(4)	(8)
Total	**179**	**204**

The position "Other ordinary income" relates primarily to gains on disposal of property, plant and equipment.

In 2013 the position "Other ordinary income" included a net gain on the disposal of 25 percent equity interest in Cement Australia of CHF 136 million (AUD 151 million). Additional information is disclosed in note 1.

12 Financial income

	2014	2013
	Million CHF	
Interest earned on cash and marketable securities	96	120
Other financial income	87	63
Total	**183**	**183**

In 2014 the position "Other financial income" included the partial realization of the change in fair value of the compensation related to the nationalization of Holcim Venezuela in the amount of CHF 56 million (USD 61 million), respectively CHF 57 million (USD 61 million) in 2013. Additional information is disclosed in note 20.

The remaining amounts in both years relate primarily to interest income from loans and receivables.

13 Financial expenses

	2014	2013
	Million CHF	
Interest expenses	(558)	(616)
Amortization on bonds and private placements	(15)	(13)
Fair value changes on financial instruments	4	0
Unwinding of discount on provisions	(22)	(19)
Other financial expenses	(54)	(68)
Foreign exchange loss net	(35)	(98)
Financial expenses capitalized	69	38
Total	**(611)**	**(777)**

The weighted average nominal interest rate of financial liabilities at December 31, 2014, was 4.2 percent (2013: 4.6).

The positions "Interest expenses" and "Other financial expenses" relate primarily to financial liabilities measured at amortized cost.

The position "Financial expenses capitalized" comprises interest expenditures on large-scale projects during the reporting period.

Information about the Group's exposure to the risk of changes in market interest rates and foreign currency exchange rates is disclosed within the section "Risk management" on page 169.

14 Income taxes

	2014	2013
	Million CHF	
Current taxes	(552)	(798)
Deferred taxes	(36)	266
Total	**(588)**	**(533)**

Current taxes include an income of CHF 72 million (2013: -148) in respect of prior years. Last year tax expense of CHF 148 million largely related to Holcim Mexico as a result of changes in tax rules.

Deferred tax by type

	2014	2013
	Million CHF	
Property, plant and equipment	4	24
Intangible and other long-term assets	3	(30)
Provisions	(16)	5
Tax losses carryforward	32	301
Other	(60)	(33)
Total	**(36)**	**266**

Reconciliation of tax rate

	2014	2013
	%	
Group's expected tax rate	**33**	**30**
Effect of non-deductible items	1	2
Effect of non-taxable items and income taxed at different tax rates	(6)	(4)
Net change of unrecognized tax losses carryforward	3	(6)
Prior year taxes	(3)	7
Other items	0	(3)
Group's effective tax rate	**27**	**25**

The Group's expected tax rate is a weighted average tax rate based on profits (losses) before taxes of Group companies. The increase of the Group's expected tax rate is largely due to a shift of net income before taxes to regions with higher tax rates.

In 2013, the changes in tax rules in Mexico largely resulted in the increase in prior year taxes and in the net change of unrecognized tax losses carryforward.

15 Research and development

Research and development projects are carried out with a view to generate added value for customers through end user oriented products and services. Additionally, process innovation aims at environmental protection and production system improvements. Research and development costs of CHF 74 million (2013: 74) were charged directly to the consolidated statement of income.

16 Earnings per share

	2014	2013
	in CHF	
Earnings per share in CHF	**3.95**	**3.91**
Net income – shareholders of Holcim Ltd – as per statement of income (in million CHF)	1,287	1,272
Weighted average number of shares outstanding	325,734,235	325,492,506
Fully diluted earnings per share in CHF	**3.95**	**3.91**
Net income used to determine diluted earnings per share (in million CHF)	1,287	1,272
Weighted average number of shares outstanding	325,734,235	325,492,506
Adjustment for assumed exercise of share options	128,743	141,343
Weighted average number of shares for diluted earnings per share	325,862,978	325,633,849

In conformity with the decision taken at the annual general meeting on April 29, 2014, a cash payment out of the capital contribution reserves related to 2013 of CHF 1.30 per registered share has been paid. This resulted in a total payout of CHF 424 million.

A cash payment out of the capital contribution reserves in respect of the financial year 2014 of CHF 1.30 per registered share, amounting to a maximum payment of CHF 425 million, is to be proposed at the annual general meeting of shareholders on April 13, 2015. These consolidated financial statements do not reflect this cash payment, since it will be effective in 2015 only.

17 Cash and cash equivalents

	2014	**2013**
	Million CHF	
Cash at banks and on hand	787	615
Short-term deposits	1,362	1,629
Total	**2,149**	**2,244**
Bank overdrafts	(207)	(251)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**1,942**	**1,993**

Cash and cash equivalents comprise cash at banks and on hand, deposits held on call with banks and other short-term highly liquid investments.

Bank overdrafts are included in current financial liabilities.

18 Accounts receivable

	2014	**2013**
	Million CHF	
Trade accounts receivable – associates and joint ventures	81	91
Trade accounts receivable – third parties	2,145	2,031
Other receivables – associates and joint ventures	83	50
Other receivables – third parties	386	343
Derivative assets	0	6
Total	**2,695**	**2,521**
Of which pledged/restricted	59	42

Overdue accounts receivable

	2014	2013
	Million CHF	
Not overdue	1,962	2,064
Overdue 1 to 89 days	546	316
Overdue 90 to 180 days	98	83
Overdue more than 180 days	271	221
./. Allowances for doubtful accounts	(182)	(163)
Total	**2,695**	**2,521**

Due to the local nature of the business, specific terms and conditions for accounts receivable trade exist for local Group companies and as such Group guidelines are not required.

The overdue amounts relate to receivables where payment terms specified in the terms and conditions established with Holcim customers have been exceeded.

Allowance for doubtful accounts

	2014	2013
	Million CHF	
January 1	**(163)**	**(171)**
Change in structure	(3)	0
Allowance recognized	(24)	(25)
Amounts used	15	5
Unused amounts reversed	2	1
Currency translation effects	(9)	27
December 31	**(182)**	**(163)**

19 Inventories

	2014	2013
	Million CHF	
Raw materials and additives	271	245
Semi-finished and finished products	932	845
Fuels	260	229
Parts and supplies	364	354
Unbilled services	36	30
Total	**1,863**	**1,704**

In 2014, the Group recognized inventory write-downs to net realizable value of CHF 2 million (2013: 3).

20 Prepaid expenses and other current assets

On September 4, 2010, Holcim Ltd signed a settlement with the Bolivarian Republic of Venezuela agreeing on the terms for Venezuela's compensation payment for the June 2008 nationalization of Holcim (Venezuela) C.A. and the suspension of the international arbitration procedure before the International Centre for Settlement of Investment Disputes (ICSID) in connection with that nationalization.

The total agreed compensation amount was CHF 611 million (USD 650 million), of which a first down-payment of CHF 244 million (USD 260 million) was received on September 10, 2010 and in the years 2011 to 2013 further payments were received, each amounting to USD 97.5 million (2011: CHF 87 million; 2012: CHF 91 million; 2013: CHF 88 million). In 2014, a final payment of USD 97.5 million (CHF 89 million) was received.

In 2014, CHF 56 million (USD 61 million) was realized through "other financial income"; in 2013, this amounted to CHF 57 million (USD 61 million).

21 Assets and related liabilities classified as held for sale

	2014	2013
	Million CHF	
Cash and cash equivalents	1	0
Other current assets	29	88
Property, plant and equipment	194	464
Intangible assets	19	64
Other long-term assets	40	141
Assets classified as held for sale	**283**	**756**
Short-term liabilities	25	115
Long-term provisions	8	92
Other long-term liabilities	0	6
Liabilities directly associated with assets classified as held for sale	**33**	**213**
Net assets classified as held for sale	**249**	**543**

On January 5, 2015, based on binding agreements dated October 2014, Group Holcim and Cemex announced the successful closure of their series of transactions in Europe, as detailed below.

In Germany, Holcim will purchase a cement plant, two grinding stations and one slag granulator as well as various aggregates locations and ready-mix plants from Cemex in the western part of the country, which will be combined with Holcim's existing Northern German operations. In Spain, Holcim and Cemex will no longer form a joint organization as initially planned and communicated. Instead, Cemex will purchase Holcim's Gador cement plant and Yeles grinding station, while Holcim will keep its remaining operations in Spain, as well as its aggregates and ready-mix positions. Cemex will buy Holcim (Česko) a.s. which is involved in the cement, aggregates and ready-mix businesses.

As a result of these transactions, Cemex pays Group Holcim CHF 54 million (EUR 45 million) in cash.

As per September 30, 2013, the assets and liabilities of the operations in Spain and Czech Republic were classified as held for sale based on a Memorandum of Understanding, which had foreseen, in contrast to the binding agreements mentioned above, that Holcim and Cemex would combine their entire Spanish operations in cement, ready-mix and aggregates, giving Holcim a shareholding of 25 percent of the combined entity. The scope of the transaction for Germany and the Czech Republic in the binding agreement remains unchanged.

As a result of the above, those assets and liabilities which will not be sold have been reclassified as per December 31, 2014, back to their respective balance sheet positions while, as per September 30, 2014, they were classified as held for sale. In addition, a catch-up of depreciation covering the period while those assets were classified as held for sale was made and reflected as a depreciation charge in the fourth quarter 2014. The comparatives have not been reclassified or re-presented in any way.

22 Long-term financial assets

	2014	2013
	Million CHF	
Financial investments – third parties	115	126
Long-term receivables – associates and joint ventures	197	198
Long-term receivables – third parties	130	116
Derivative assets	50	96
Total	**491**	**536**
Of which pledged/restricted	8	6

Long-term receivables and derivative assets are primarily denominated in USD, CHF and AUD. The repayment dates vary between one and 25 years (2013: one and 26 years).

23 Investments in associates and joint ventures

	2014	2013
	Million CHF	
Investments in associates	1,387	1,232
Investments in joint ventures	372	330
Total	**1,758**	**1,562**

Movement in investments in associates

	2014	2013
	Million CHF	
January 1	**1,232**	**1,269**
Share of profit of associates	93	117
Dividends earned	(41)	(98)
Net additions (disposals)	7	(7)
Reclassifications	8	(29)
Impairments	0	(2)
Currency translation effects	87	(18)
December 31	**1,387**	**1,232**

Investments in associates

	30.9.2014	31.12.2013
	Million CHF	
Huaxin Cement	819	729
Other associates	520	503
Total	**1,339**	**1,232**

The disclosed amounts for the investments in associates are as of September 30, 2014 and include only the first nine months. This is due to the fact that Huaxin Cement, a material associate of the Group, is a publicly listed company in China and has not yet published its financial statements for the year 2014.

Huaxin Cement

Huaxin Cement is Holcim's strategic partner in China.

As of December 31, 2014, the Group holds 41.9% (2013: 41.9%) of the voting rights in the associate company Huaxin Cement.

The fair value of Huaxin Cement based on a quoted market price on December 31, 2014 amounted to CHF 2,303 million (2013: 1,521).

Set out below is the summarized financial information for the material associate company Huaxin Cement, which is accounted for using the equity method. The summarized financial information presented below are the amounts included in the IFRS financial statements of Huaxin Cement as at September 30, 2014 and as at December 31, 2013. As of September 30, 2014, dividends of CHF 11 million (December 31, 2013: 11) were received from Huaxin Cement.

Huaxin Cement – Statement of financial position

	30.9.2014	31.12.2013
	Million CHF	
Current assets	975	946
Long-term assets	3,169	2,913
Total assets	**4,144**	**3,859**
Current liabilities	1,233	1,291
Long-term liabilities	1,123	999
Total liabilities	**2,356**	**2,290**
Net assets	**1,787**	**1,569**
Shareholders' equity (excluding non-controlling interest)	**1,587**	**1,390**

Huaxin Cement – Statement of comprehensive earnings

	Jan-Sept 2014	Jan-Dec 2013
	Million CHF	
Net sales	**1,657**	**2,419**
Net income	**180**	**258**
Other comprehensive earnings	0	(1)
Total comprehensive earnings	**179**	**257**

A reconciliation of the summarized financial information to the carrying amount of the investment in Huaxin Cement is as follows:

Huaxin Cement

	30.9.2014	31.12.2013
	Million CHF	
Group share of 41.9% (2013: 41.9%) of shareholders' equity (excluding non-controlling interest)	665	582
Goodwill	155	147
Total	**819**	**729**

The Group has additional interests in associates none of which is considered as individually material. The following table summarizes, in aggregate, the financial information of all individually immaterial associates that are accounted for using the equity method:

Aggregated financial information of Holcim's share in other associates

	30.9.2014	31.12.2013
	Million CHF	
Carrying amount of investments in other associates	**520**	**503**
Net income	24	25
Other comprehensive earnings	0	0
Total comprehensive earnings	**24**	**25**

There are no unrecognized shares of losses, either for the current reporting period or cumulatively, relating to the above associates.

Movement in investments in joint ventures

	2014	2013
	Million CHF	
January 1	**330**	**270**
Share of profit of joint ventures	46	43
Dividends earned	(32)	(30)
Net (disposals) additions	(3)	2
Reclassifications	(1)	75
Currency translation effects	31	(29)
December 31	**372**	**330**

The Group has no interests in joint ventures that are regarded as individually material.

The following table summarizes, in aggregate, the financial information of all individually immaterial joint ventures that are accounted for using the equity method:

Aggregated financial information of Holcim's share in joint ventures

	2014	2013
	Million CHF	
Carrying amount of investments in joint ventures	**372**	**330**
Net income	46	43
Other comprehensive earnings	0	0
Total comprehensive earnings	**46**	**43**

There are no unrecognized shares of losses, either for the current reporting period or cumulatively, relating to the above joint ventures.

Joint operation

Company	Principal place of business	Ownership interest
Cement Australia	Australia	50%

Cement Australia is a strategic partner of the Group by mainly supplying its shareholders with cement.

On March 28, 2013 the Group disposed of a 25 percent equity interest in Cement Australia to HeidelbergCement and retained a 50 percent equity interest in that company. This transaction resulted in Holcim losing control of Cement Australia and obtaining joint control over that entity. According to IFRS 11 Joint Arrangements it has been classified as a joint operation.

24 Property, plant and equipment

	Land	Buildings, installations	Machines	Furniture, vehicles, tools	Construction in progress	Total
			Million CHF			
2014						
Net book value as at January 1	**4,341**	**4,692**	**7,588**	**958**	**2,451**	**20,029**
Change in structure	2	0	(2)	(2)	0	(2)
Reclassification from assets classified as held for sale	59	143	59	5	0	266
Additions	32	42	68	18	1,842	2,002
Disposals	(44)	(1)	(14)	(24)	(2)	(86)
Reclassifications	111	480	909	167	(1,667)	0
Depreciation	(109)	(290)	(754)	(191)	0	(1,344)
Impairment loss (charged to statement of income)	(3)	(4)	(6)	0	(5)	(19)
Currency translation effects	216	88	191	17	52	563
Net book value as at December 31	**4,605**	**5,149**	**8,040**	**947**	**2,670**	**21,410**
At cost of acquisition	6,066	9,436	18,092	3,102	2,749	39,445
Accumulated depreciation/impairment	(1,461)	(4,288)	(10,052)	(2,155)	(79)	(18,034)
Net book value as at December 31	4,605	5,149	8,040	947	2,670	21,410
Net asset value of leased property, plant and equipment	**0**	**44**	**29**	**45**	**0**	**117**
Of which pledged/restricted						3
2013						
Net book value as at January 1	**4,834**	**5,377**	**8,635**	**1,131**	**1,815**	**21,791**
Change in structure	(100)	(104)	(163)	(26)	(48)	(442)
Reclassification to assets classified as held for sale	(77)	(226)	(132)	(17)	(12)	(464)
Additions	29	10	44	17	2,147	2,247
Disposals	(55)	(19)	(23)	(17)	(2)	(115)
Reclassifications	69	285	595	185	(1,127)	6
Depreciation	(108)	(304)	(793)	(216)	0	(1,420)
Impairment loss (charged to statement of income)	(3)	(16)	(11)	0	(10)	(40)
Currency translation effects	(249)	(310)	(563)	(100)	(311)	(1,533)
Net book value as at December 31	**4,341**	**4,692**	**7,588**	**958**	**2,451**	**20,029**
At cost of acquisition	5,522	8,299	16,879	3,022	2,543	36,265
Accumulated depreciation/impairment	(1,181)	(3,607)	(9,291)	(2,065)	(92)	(16,236)
Net book value as at December 31	**4,341**	**4,692**	**7,588**	**958**	**2,451**	**20,029**
Net asset value of leased property, plant and equipment	0	44	34	51	0	128
Of which pledged/restricted						19

At December 31, 2014, the fire insurance value of property, plant and equipment amounted to CHF 32,892 million (2013: 30,942). Net gains on sale of property, plant and equipment amounted to CHF 123 million (2013: 90).

In 2014, the impairment loss related mainly to Group region Europe (CHF 7 million), Group region North America (CHF 5 million) and Group region Latin America (CHF 5 million).

In 2013, the impairment loss related mainly to Group region Europe (CHF 11 million in the United Kingdom) and Group region Africa Middle East (CHF 10 million).

In both years, the impairment losses were a consequence of the decrease in demand for construction material in the respective regions and were largely included in production cost of goods sold in the statement of income.

Included in land, buildings and installations is investment property with a net book value of CHF 71 million (2013: 69). The fair value of this investment property amounted to CHF 107 million (2013: 107). Rental income related to investment property amounted to CHF 2 million (2013: 2).

25 Intangible assets

	Goodwill	Other intangible assets	Total
		Million CHF	
2014			
Net book value as at January 1	**6,881**	**605**	**7,486**
Change in structure	(2)	0	(2)
Reclassification from assets classified as held for sale	20	13	33
Additions	0	32	33
Disposals	0	0	0
Amortization	0	(67)	(67)
Impairment loss (charged to statement of income)	(1)	0	(1)
Currency translation effects	278	20	297
Net book value as at December 31	**7,176**	**603**	**7,779**
At cost of acquisition	7,422	1,609	9,032
Accumulated amortization/impairment	(247)	(1,006)	(1,253)
Net book value as at December 31	**7,176**	**603**	**7,779**
2013			
Net book value as at January 1	**7,386**	**745**	**8,131**
Change in structure	(44)	(13)	(57)
Reclassification to assets classified as held for sale	(50)	(15)	(64)
Additions	0	23	23
Disposals	0	0	0
Amortization	0	(76)	(76)
Impairment loss (charged to statement of income)	(5)	(1)	(5)
Currency translation effects	(407)	(57)	(465)
Net book value as at December 31	**6,881**	**605**	**7,486**
At cost of acquisition	7,127	1,544	8,671
Accumulated amortization/impairment	(246)	(939)	(1,184)
Net book value as at December 31	**6,881**	**605**	**7,486**

The other intangible assets have finite useful lives, over which the assets are amortized. The corresponding amortization expense is recognized mainly in administration expenses.

Impairment tests for goodwill

For the purpose of impairment testing, goodwill is allocated to a cash generating unit or to a group of cash generating units that are expected to benefit from the synergies of the respective business combination. The

Group's cash generating units are defined on the basis of the geographical market, normally country- or region-related. The carrying amount of goodwill allocated to the countries or regions stated below is significant in comparison with the total carrying amount of goodwill, while the carrying amount of goodwill allocated to the other cash generating units is individually not significant.

For the impairment test, the recoverable amount of a cash generating unit, which has been determined based on value-in-use, is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the cash generating unit exceeds its recoverable amount. Future cash flows are discounted using the weighted average cost of capital (WACC).

The cash flow projections are based on a three-year financial planning period approved by management. Cash flows beyond the three-year budget period are extrapolated based either on steady or increasing sustainable cash flows. In any event, the growth rate used to extrapolate cash flow projections beyond the three-year budget period does not exceed the long-term average growth rate for the relevant market in which the cash generating unit operates.

In respect of the goodwill allocated to "Others", the same impairment model and parameters are used, as is the case with individually significant goodwill positions, except that different key assumptions are used depending on the risks associated with the respective cash generating units.

Key assumptions used for value-in-use calculations in respect of goodwill 2014

Cash generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
North America	1,788	USD/CAD	7.1%	2.4%
India	1,257	INR	9.9%	6.6%
United Kingdom	843	GBP	6.8%	2.8%
Central Europe	510	CHF/EUR	6.1%	1.3%
Philippines	393	PHP	9.5%	5.0%
Mexico	374	MXN	8.3%	4.0%
France Benelux	288	EUR	7.1%	1.6%
Australia	279	AUD	7.5%	2.9%
Eastern Europe	274	Various	8.0%	3.6%
Others[1]	1,170	Various	6.7-28.5%	1.3-8.4%
Total	**7,176**			

Key assumptions used for value-in-use calculations in respect of goodwill 2013

Cash generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
North America	1,647	USD/CAD	7.6%	3.3%
India	1,160	INR	13.1%	6.9%
United Kingdom	805	GBP	6.9%	2.1%
Central Europe	515	CHF/EUR	6.0%	1.9%
Philippines	391	PHP	10.2%	5.5%
Mexico	378	MXN	7.8%	3.3%
France Benelux	293	EUR	7.3%	1.8%
Eastern Europe	290	Various	7.2%	3.3%
Australia	273	AUD	8.8%	3.2%
Others[1]	1,129	Various	6.4-27.8%	1.3-7.5%
Total	6,881			

Note:

(1) Individually not significant.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of a cash generating unit or a group of cash generating units, management believes that except for France Benelux, Brazil and Spain (both included in Others above), a reasonably possible change in the pre-tax discount rate of 1 percentage point, and a 1 percentage point change in long-term GDP growth rate in cases where increasing sustainable cash flows were used, would not cause the carrying amount of a cash generating unit or a group of cash generating units to materially exceed its recoverable amount. With the used pre-tax discount rate of 7.1 percent, the impairment test for France Benelux resulted in a recoverable amount exceeding its carrying amount by CHF 91 million. An increase in the pre-tax discount rate to 7.5 percent would result in the recoverable amount of France Benelux to be equal to its carrying amount. With the used pre-tax discount rate of 8.5 percent, the impairment test for Brazil resulted in a recoverable amount exceeding its carrying amount by CHF 215 million. An increase in the pre-tax discount rate to 9.2 percent would result in the recoverable amount of Brazil to be equal to its carrying amount. With the used pre-tax discount rate of 6.8 percent, the impairment test for Spain resulted in a recoverable amount exceeding its carrying amount by CHF 9 million. An increase in the pre-tax discount rate to 7.0 percent would result in the recoverable amount of Spain to be equal to its carrying amount.

26 Trade accounts payable

	2014	2013
	Million CHF	
Trade accounts payable – associates and joint ventures	16	13
Trade accounts payable – third parties	2,085	1,921
Total	**2,101**	**1,934**

27 Financial liabilities

	2014	2013
	Million CHF	
Current financial liabilities – associates and joint ventures	16	5
Current financial liabilities – third parties	1,428	1,030
Current portion of long-term financial liabilities	1,056	1,884
Derivative liabilities	3	1
Total current financial liabilities	**2,502**	**2,920**
Long-term financial liabilities – associates and joint ventures	0	9
Long-term financial liabilities – third parties	9,291	8,776
Derivative liabilities	0	0
Total long-term financial liabilities	**9,291**	**8,785**
Total	**11,793**	**11,705**
Of which secured	84	95

Details of total financial liabilities

	2014	2013
	Million CHF	
Loans from financial institutions	2,833	1,952
Bonds and private placements	8,589	9,253
Commercial paper notes	272	399
Total loans and bonds	**11,694**	**11,604**
Obligations under finance leases (note 28)	96	101
Derivative liabilities (note 29)	3	1
Total	**11,793**	**11,705**

"Loans from financial institutions" include amounts due to banks and other financial institutions. Repayment dates vary between one and 16 years (2013: one and 12 years). CHF 1,441 million (2013: 800) is due within one year.

The Group complied with its debt covenants.

Unutilized credit lines totaled CHF 7,105 million (2013: 7,990) at year-end 2014, of which CHF 3,820 million (2013: 4,967) are committed.

Financial liabilities by currency

	2014			2013		
	Million CHF	*In %*	*Interest rate*[(1)]	*Million CHF*	*In %*	*Interest rate*[(1)]
Currency						
USD	3,723	31.6	4.4	3,546	30.3	4.2
CHF	2,826	24.0	2.5	2,819	24.1	2.5
EUR	1,265	10.7	3.1	2,033	17.4	6.1
AUD	850	7.2	4.9	701	6.0	6.0
GBP	772	6.5	7.4	782	6.7	7.1
MXN	506	4.3	4.5	436	3.7	4.3
CAD	448	3.8	3.1	482	4.1	3.1
Others	1,404	11.9	5.8	906	7.7	6.3
Total	**11,793**	**100.0**	**4.2**	**11,705**	**100.0**	**4.6**

Note:

(1) Weighted average nominal interest rate on financial liabilities at December 31.

Interest rate structure of total financial liabilities

	2014	2013
	Million CHF	
Financial liabilities at fixed rates	6,819	6,567
Financial liabilities at floating rates	4,974	5,138
Total	**11,793**	**11,705**

Financial liabilities that are hedged to a fixed or floating rate are disclosed on a post hedge basis.

Information on the maturity of financial instruments is disclosed in the section "Risk management" on page 168.

Bonds and private placements as at December 31

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF[(1)]	Net book value in CHF[(1)]
In million						**2014**	**2013**
Holcim Ltd							
CHF	250	3.00%	3.19%	2006-2015	Bonds with fixed interest rate	250	250
CHF	400	3.13%	0.25%	2007-2017	Bonds swapped into floating interest rates at inception	436	441
CHF	450	4.00%	4.19%	2009-2018	Bonds with fixed interest rate	447	446
CHF	475	2.38%	2.64%	2010-2016	Bonds with fixed interest rate	473	472
CHF	450	3.00%	2.97%	2012-2022	Bonds with fixed interest rate	451	451
CHF	250	2.00%	2.03%	2013-2022	Bonds with fixed interest rate	250	250
Aggregate Industries Holdings Limited							
GBP	163	7.25%	4.38%	2001-2016	Bonds, partly swapped into floating interest rates	269	262
Holcim GB Finance Ltd.							
GBP	300	8.75%	8.81%	2009-2017	Bonds guaranteed by Holcim Ltd	461	441
Holcim Capital Corporation Ltd.							
USD	50	7.65%	7.65%	2001-2031	Private placement guaranteed by Holcim Ltd	49	44
USD	65	6.59%		2002-2014	Private placement guaranteed by Holcim Ltd	0	58
USD	100	6.59%		2002-2014	Private placement guaranteed by Holcim Ltd	0	89
USD	250	6.88%	7.28%	2009-2039	Bonds guaranteed by Holcim Ltd	239	215
USD	250	6.50%	6.85%	2013-2043	Bonds guaranteed by Holcim Ltd	240	216
Holcim Capital México, S.A. de C.V.							
MXN	1,500	3.86%	5.06%	2012-2015	Bonds guaranteed by Holcim Ltd, with floating interest rates	101	102
MXN	800	3.98%	4.80%	2012-2016	Bonds guaranteed by Holcim Ltd, with floating interest rates	54	54
MXN	1,700	7.00%	7.23%	2012-2019	Bonds guaranteed by Holcim Ltd	114	115
MXN	2,000	3.68%	3.93%	2014-2018	Bonds guaranteed by Holcim Ltd, with floating interest rates	134	0
Holcim Capital (Thailand) Ltd.							
THB	1,220	3.52%	3.62%	2010-2015	Bonds guaranteed by Holcim Ltd	37	33
Holcim Finance (Canada) Inc.							
CAD	10	6.91%	6.92%	2002-2017	Private placement guaranteed by Holcim Ltd	9	8
CAD	300	3.65%	3.77%	2012-2018	Bonds guaranteed by Holcim Ltd	255	250
Holcim Finance (Luxembourg) S.A.							
EUR	600	4.38%		2004-2014	Bonds guaranteed by Holcim Ltd	0	735
EUR	650	9.00%		2009-2014	Bonds guaranteed by Holcim Ltd	0	797

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF[(1)]	Net book value in CHF[(1)]
In million						**2014**	**2013**
EUR	200	6.35%	6.40%	2009-2017	Bonds guaranteed by Holcim Ltd	240	245
EUR	500	3.00%	3.11%	2014-2024	Bonds guaranteed by Holcim Ltd	596	0
Holcim Finance (Australia) Pty Ltd							
AUD	250	7.00%	7.21%	2012-2015	Bonds guaranteed by Holcim Ltd	203	198
AUD	250	6.00%	6.24%	2012-2017	Bonds guaranteed by Holcim Ltd	202	197
AUD	200	5.25%	5.52%	2012-2019	Bonds guaranteed by Holcim Ltd	161	157
Holcim Overseas Finance Ltd.							
CHF	425	3.38%	3.42%	2011-2021	Bonds guaranteed by Holcim Ltd	424	424
Subtotal						**6,093**	**6,950**

Note:

(1) Includes adjustments for fair value hedge accounting, where applicable.

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF[(1)]	Net book value in CHF[(1)]
In million						**2014**	**2013**
Subtotal						**6,093**	**6,950**
Holcim US Finance S.à r.l. & Cie S.C.S.							
USD	200	6.21%	6.24%	2006-2018	Private placement guaranteed by Holcim Ltd	198	178
USD	125	6.10%	6.14%	2006-2016	Private placement guaranteed by Holcim Ltd	124	111
USD	750	6.00%	6.25%	2009-2019	Bonds guaranteed by Holcim Ltd	734	659
EUR	500	2.63%	2.10%	2012-2020	Bonds guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	621	594
USD	500	5.15%	5.30%	2013-2023	Bonds guaranteed by Holcim Ltd	489	440
USD	50	4.20%	4.20%	2013-2033	Bonds guaranteed by Holcim Ltd	49	45
ACC Limited							
INR	320	8.45%		2009-2014	Non-convertible debentures with fixed interest rate	0	5
Holcim (Costa Rica) S.A.							
CRC	10,000	9.80%	10.17%	2010-2015	Floating rate bonds	18	18
CRC	8,500	8.30%		2012-2014	Floating rate bonds	0	15
CRC	8,000	8.70%	8.99%	2014-2016	Bonds with fixed interest rate	15	0
Holcim (Maroc) S.A.							

MAD	1,500	5.49%	5.49%	2008-2015	Bonds with fixed interest rate	164	163
Holcim (US) Inc.							
USD	33	0.08%	0.08%	1999–2032	Industrial revenue bonds – Mobile Dock & Wharf	33	29
USD	25	0.09%	0.09%	2003–2033	Industrial revenue bonds – Holly Hill	25	22
USD	27	0.02%	0.02%	2009–2034	Industrial revenue bonds – Midlothian	26	24
Total						**8,589**	**9,253**

Note:

(1) Includes adjustments for fair value hedge accounting, where applicable.

28 Leases

Future minimum lease payments

	Operating leases	Finance leases	Operating leases	Finance leases
	2014		2013	
	Million CHF			
Within 1 year	121	22	118	25
Within 2 years	98	18	90	20
Within 3 years	78	16	72	15
Within 4 years	57	12	58	15
Within 5 years	48	12	47	14
Thereafter	256	62	301	61
Total	**657**	**143**	**686**	**150**
Interest		(47)		(49)
Total finance leases		**96**		**101**

The total expense for operating leases recognized in the consolidated statement of income in 2014 was CHF 127 million (2013: 123). There are no individually significant operating lease agreements.

The liabilities from finance leases due within one year are included in current financial liabilities and liabilities due thereafter are included in long-term financial liabilities (note 27). There are no individually significant finance lease agreements.

29 Derivative financial instruments

Derivative assets with maturities exceeding one year are included in long-term financial assets (note 22) and derivative assets with maturities less than one year are included in accounts receivable (note 18).

Derivative liabilities are included in financial liabilities (note 27).

Derivative assets and liabilities

	Fair value assets	Fair value liabilities	Nominal amount	Fair value assets	Fair value liabilities	Nominal amount
		2014			2013	
			Million CHF			
Fair value hedges						
Interest rate	42	0	477	51	0	474
Currency	0	0	0	0	0	19
Cross-currency	7	0	621	44	0	558
Total fair value hedges	**50**	**0**	**1,098**	**95**	**0**	**1,050**
Cash flow hedges						
Interest rate	0	0	5	0	0	73
Currency	0	3	181	1	1	33
Total cash flow hedges	**0**	**3**	**186**	**1**	**1**	**106**
Net investment hedges						
Cross-currency	0	0	0	6	0	60
Total net investment hedges	**0**	**0**	**0**	**6**	**0**	**60**
Total	**50**	**3**	**1,283**	**102**	**1**	**1,216**

30 Deferred taxes

Deferred tax by type of temporary difference

	2014	2013
	Million CHF	
Deferred tax assets		
Property, plant and equipment	22	8
Intangible and other long-term assets	10	6
Provisions	360	316
Tax losses carryforward	913	835
Other	263	261
Total	**1,568**	**1,426**
Deferred tax liabilities		
Property, plant and equipment	2,209	2,074
Intangible and other long-term assets	174	172
Provisions	4	0
Other	70	78
Total	**2,456**	**2,325**
Deferred tax liabilities net	**888**	**898**
Reflected in the statement of financial position as follows:		
Deferred tax assets	**(527)**	**(391)**
Deferred tax liabilities	**1,415**	**1,290**
Deferred tax liabilities net	**888**	**898**

Temporary differences for which no deferred tax is recognized

	2014	2013
	Million CHF	
On unremitted earnings of subsidiary companies (taxable temporary difference)	9,465	8,729

Tax losses carryforward

	Losses carry-forward	Tax effect	Losses carry-forward	Tax effect
	2014		2013	
	Million CHF			
Total tax losses carryforward	**4,725**	**1,428**	**4,302**	**1,188**
Of which reflected in deferred taxes	(2,861)	(913)	(2,749)	(835)
Total tax losses carryforward not recognized	**1,864**	**516**	**1,554**	**353**
Expiring as follows:				
1 year	9	2	1	0
2 years	17	5	4	1
3 years	64	15	47	12
4 years	39	9	15	4
5 years	26	6	7	2
Thereafter	1,709	479	1,480	334

The increase in total tax losses carryforward not recognized relates largely to Holcim Spain which was classified as held for sale in 2013 and which has been reclassified as per December 31, 2014, back to the respective balance sheet positions (note 21).

31 Provisions

	Site restoration and other environmental provisions	Specific business risks	Other provisions	Total 2014	Total 2013
			Million CHF		
January 1	**719**	**136**	**445**	**1,301**	**1,459**
Change in structure	0	0	0	0	(27)
Reclassification from (to) liabilities directly associated with assets held for sale	21	25	2	49	(51)
Provisions recognized	53	41	233	327	351
Provisions used during the year	(59)	(30)	(187)	(275)	(258)
Provisions reversed during the year	(36)	(37)	(70)	(142)	(119)
Unwinding of discount and discount rate changes	21	1	0	22	21
Currency translation effects	23	(1)	11	33	(75)
December 31	**742**	**136**	**435**	**1,314**	**1,301**
Of which short-term provisions	75	11	147	234	224
Of which long-term provisions	667	125	288	1,080	1,077

Site restoration and other environmental provisions represent the Group's legal or constructive obligations of restoring a site. The timing of cash outflows of these provisions is dependent on the completion of raw material extraction and the commencement of site restoration.

Specific business risks comprise litigation and restructuring costs which arise during the normal course of business. Provisions for litigation mainly relate to antitrust investigations, product liability as well as tax claims and are set up to cover legal and administrative proceedings. Total provisions for litigations amounted to CHF 85 million (2013: 71) on December 31. In 2014, it included several provisions for risks related to income taxes and other taxes of CHF 30 million (2013: 32). The timing of cash outflows of provisions for litigations is uncertain since it will largely depend upon the outcome of administrative and legal proceedings.

Provisions for restructuring costs relate to various restructuring programs and amounted to CHF 51 million (2013: 65) on December 31. These provisions are expected to result in future cash outflows mainly within the next one to three years.

Other provisions relate mainly to provisions that have been set up to cover other contractual liabilities. The composition of these items is extremely manifold and comprises, as of December 31, among other things: provisions for various severance payments to employees of CHF 30 million (2013: 27), provisions for performance related compensation payments of CHF 58 million (2013: 51), provisions for contingent liabilities arising from business combinations of CHF 17 million (2013: 18), provisions related to sales and other taxes of CHF 12 million (2013: 10) and provisions for health insurance and pension schemes, which do not qualify as benefit obligations, of CHF 7 million (2013: 9). The expected timing of the future cash outflows is uncertain.

32 Employee benefits

Personnel expenses

	2014	2013
	Million CHF	
Production and distribution	2,377	2,493
Marketing and sales	368	377
Administration	793	782
Total	**3,538**	**3,653**

Personnel expenses and number of personnel

The Group's total personnel expenses, including social charges, are recognized in the relevant expenditure line by function in the consolidated statement of income and amounted to CHF 3,538 million (2013: 3,653). As of December 31, 2014, the Group employed 67,584 people (2013: 70,857).

Defined benefit pension plans

The Group's main defined benefit pension plans are in Switzerland, the United Kingdom and in North America and are funded through legally separate trustee administered funds. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities.

Switzerland

The Swiss pension plans of Swiss companies contain a cash balance benefit formula, accounted for as a defined benefit plan. Employer and employee contributions are defined in the pension fund rules in terms of an age related sliding scale of percentages of salary. Under Swiss law, the pension fund guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the fund rules. The Board of Trustees may increase the annuity at their discretion subject to the plan's funded status including sufficient free funds as determined according to Swiss statutory valuation rules. The Swiss pension plans fulfill the requirements of the regulatory framework which requires a minimum level of benefits.

The trustees invest in a diversified range of assets. The investment strategy takes into account the pension fund's tolerance to risk as well as the funding needs (minimum investment return necessary to stabilize the coverage ratio in the long run).

No material plan amendment, curtailment or settlement has occurred during the year.

United Kingdom (UK)

The companies operate several defined benefit pension plans in the UK, under which pensions payable to employees depend on final salary and length of service. Active members of these plans pay a contribution as a percentage of pensionable salary, and the companies meet the balance of the cost of providing the benefits. All of these plans are closed to new entrants, and the companies operate defined contribution plans which employees who are not members of a defined benefit plan are eligible to join.

The companies' UK defined benefit pension plans are registered schemes under UK tax law, and in each case the assets are held in a trust and managed by trustees separate from the company. In accordance with UK legislation, the trustees of each plan undertake an actuarial valuation at least once every three years. After each valuation, the company and the trustees agree on the contributions required to be made to the relevant plan. These contributions are determined based on certain assumptions including the returns which will be achieved on the plans' investments and the longevity of plan members. To the extent that the assumptions are not borne out in practice, there is a risk that future contributions from the companies will be higher than anticipated. The trustees invest in a diversified range of assets including insurance policies, thereby reducing the potential risks.

The companies and trustees agree a contribution schedule for the defined benefit pension plans in accordance with an actuarial valuation for funding purposes. This contribution schedule is revised following these actuarial valuations.

No material plan amendment or curtailment has occurred during the year. In 2013, a defined benefit plan was transferred to an insurance company. The plan liabilities transferred, which equaled the plan assets, amounted to CHF 115 million and no settlement gain or loss was recognized. As a result of this transaction, all future benefits will be paid out by the insurance company to the respective employees concerned.

North America (United States and Canada)

The companies operate defined contribution plans for existing and new employees and a number of defined benefit pension plans. Some defined benefit pension plans have been closed to new entrants and were frozen to future accruals. Active employees participate in defined contribution or defined benefit plans. The defined benefit pension plans have been based or are based on the average final salary.

The companies must contribute a minimum amount to the defined benefit pension plans annually which is determined actuarially and is comprised of service costs as well as payment toward any existing deficits. For plans that are currently closed, there will generally be no service component in the future. Employer contributions toward the defined contribution plan are made either monthly or quarterly and are based on a percentage of covered payroll.

The pension committees of the various companies are responsible for operating the defined benefit plans in compliance with existing regulations and for the management of plan assets.

The plans hold a large percentage of plan assets in equity investments. To the extent that equity performance is volatile in the future, the required employer contributions would also experience similar volatility in the future. The companies assume and are responsible for the management of all risks associated with the defined benefit pension plans, including investment risks, interest rate risks and longevity risks. These risks are not considered significant to the various companies as a whole.

The plan assets are invested in a diversified range of assets. The assets in the United States include a certain proportion which hedge the liability swings against interest rate movements, with those assets primarily invested in fixed income investments, particularly intermediate and longer term instruments.

The companies in the United States intend to pay the minimum required contributions as prescribed under Internal Revenue Service (IRS) regulations in addition to voluntary amounts in order to achieve and maintain an IRS funded status of at least 80%. However, for the Canadian plans, the companies intend to pay at least the minimum amount prescribed by the Ontario Pension Benefits Act.

No material plan amendment, curtailment or settlement has occurred during the year.

Other post-employment benefit plans

The Group operates a number of other post-employment benefit plans. A number of these plans are not externally funded, but are covered by provisions in the statement of financial position of the respective companies.

Status of the Group's defined benefit plans

The status of the Group's defined benefit plans using actuarial assumptions determined in accordance with IAS 19 Employee Benefits is summarized below. The tables provide reconciliations of defined benefit obligations, plan assets and the funded status for the defined benefit pension plans to the amounts recognized in the statement of financial position.

Reconciliation of retirement benefit plans to the statement of financial position

	2014	**2013**
	Million CHF	
Net liability arising from defined benefit pension plans	774	587
Net liability arising from other post-employment benefit plans	81	64
Net liability	**854**	**651**
Reflected in the statement of financial position as follows:		
Other long-term assets	(8)	(4)
Defined benefit obligations	863	655
Net liability	**854**	**651**

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
	2014	2013	2014	2013
	Million CHF			
Present value of funded obligations	**3,454**	**2,976**	**0**	**0**
Fair value of plan assets	(2,942)	(2,628)	0	0
Plan deficit of funded obligations	**512**	**348**	**0**	**0**
Present value of unfunded obligations	262	239	81	64
Net liability from funded and unfunded plans	**774**	**587**	**81**	**64**
Of which:				
Switzerland	201	117	0	0
United Kingdom	162	109	0	0
North America (United States and Canada)	72	55	59	51
Rest of world	339	305	22	13
Costs recognized in the statement of income are as follows:				
Current service costs	84	91	2	2
Past service costs (including curtailments)	0	(14)	3	(3)
(Gains) losses on settlements	(1)	4	2	0
Net interest expense	23	28	3	3
Others	1	1	0	0
Total (included in personnel expenses)	**107**	**110**	**10**	**2**
Of which:				
Switzerland	41	43	0	0
United Kingdom	16	16	0	0
North America (United States and Canada)	17	23	3	4
Rest of world	33	28	7	(1)
Amounts recognized in other comprehensive earnings:				
Actuarial gains (losses) arising from changes in demographic assumptions	26	(21)	(3)	6
Actuarial gains (losses) arising from changes in financial assumptions	(418)	99	(5)	5

	Defined benefit pension plans		Other post-employment benefit plans	
	2014	**2013**	**2014**	**2013**
	Million CHF			
Actuarial gains (losses) arising from experience adjustments	32	(35)	3	7
Return on plan assets excluding interest income	165	155	0	0
Total recorded in other comprehensive earnings	**(195)**	**198**	**(5)**	**18**
Of which:				
Switzerland	(80)	98	0	0
United Kingdom	(44)	30	0	0
North America (United States and Canada)	(30)	71	(3)	16
Rest of world	(41)	0	(2)	2

	Defined benefit pension plans		Other post-employment benefit plans	
	2014	2013	2014	2013
	Million CHF			
Present value of funded and unfunded obligations				
Opening balance as per January 1	3,214	3,445	64	83
Current service costs	84	91	2	2
Interest expense	117	108	3	3
Contribution by the employees	20	21	0	0
Actuarial (gains) losses	360	(43)	5	(18)
Benefits paid	(165)	(204)	(5)	(3)
Past service costs (including curtailments)	0	(14)	3	(3)
Change in structure	0	(13)	0	3
Settlements	(5)	(112)	2	0
Currency translation effects	89	(65)	6	(2)
Closing balance as per December 31	**3,715**	**3,214**	**81**	**64**
Of which:				
Switzerland	1,627	1,420	0	0
United Kingdom	957	821	0	0
North America (United States and Canada)	609	511	59	51
Rest of world	522	463	22	13
Fair value of plan assets				
Opening balance as per January 1	2,628	2,631	0	0
Interest income	94	80	0	0
Return on plan assets excluding interest income	165	155	0	0
Contribution by the employer	106	109	4	3
Contribution by the employees	20	21	0	0
Benefits paid	(142)	(190)	(4)	(3)
Change in structure	0	(13)	0	0
Settlements	(3)	(116)	0	0
Currency translation effects	74	(49)	0	0
Closing balance as per December 31	**2,942**	**2,628**	**0**	**0**
Of which:				
Switzerland	1,427	1,302	0	0
United Kingdom	795	712	0	0
North America (United States and Canada)	537	456	0	0
Rest of world	183	158	0	0

	Defined benefit pension plans	
	2014	2013
	Million CHF	
Plan assets based on quoted market prices:		
Cash and cash equivalents	113	92
Equity instruments of Holcim Ltd or subsidiaries	2	2
Equity instruments of third parties	979	934
Debt instruments of Holcim Ltd or subsidiaries	5	8
Debt instruments of third parties	716	637
Land and buildings occupied or used by third parties	373	358
Derivatives	26	15
Investment funds	102	88
Asset-backed securities	2	9
Structured debt	42	28
Plan assets based on non-quoted prices:		
Equity instruments of third parties	47	25
Debt instruments of Holcim Ltd or subsidiaries	4	5
Debt instruments of third parties	59	25
Land and buildings occupied or used by Holcim Ltd or subsidiaries	0	1
Land and buildings occupied or used by third parties	26	25
Derivatives	7	6
Investment funds	54	35
Structured debt	3	3
Others	382	332
Total plan assets at fair value	**2,942**	**2,628**
Effect of asset ceiling		
Opening balance as per January 1	0	1
Interest expense or (income)	0	0
Change in effect of asset ceiling excluding interest (income) expense	0	(1)
Closing balance as per December 31	**0**	**0**

Principal actuarial assumptions (weighted average) used at the end of the reporting period for defined benefit pension plans

	Total Group		Switzerland		United Kingdom		North America	
	2014	2013	2014	2013	2014	2013	2014	2013
Discount rate in %	2.7%	3.6%	1.2%	2.4%	3.5%	4.6%	4.0%	4.6%
Expected salary increases in %	2.5%	2.7%	1.2%	1.7%	2.9%	3.2%	3.6%	3.5%
Life expectancy in years after the age of 65	21.4	21.8	21.9	22.5	22.0	22.0	20.4	20.5

Weighted average duration of defined benefit pension plans

	Duration of the defined benefit obligation							
	Total Group		Switzerland		United Kingdom		North America	
	2014	2013	2014	2013	2014	2013	2014	2013
Weighted average duration in years	13.8	12.9	13.5	11.5	17.0	17.0	11.8	11.8

Sensitivity analysis as per December 31, 2014 on defined benefit pension plans

	Impact on the defined benefit obligation							
	Total Group		Switzerland		United Kingdom		North America	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	Million CHF							
Discount rate (1% point change)	(444)	552	(196)	242	(135)	174	(62)	77
Expected salary increases (1% point change)	104	(90)	22	(20)	26	(23)	16	(12)
Life expectancy in years after the age of 65 (1 year change)	109	(116)	48	(58)	35	(33)	12	(12)

Sensitivity analysis as per December 31, 2013 on defined benefit pension plans

	Impact on the defined benefit obligation							
	Total Group		Switzerland		United Kingdom		North America	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	Million CHF							
Discount rate (1% point change)	(363)	446	(148)	177	(119)	154	(55)	65
Expected salary increases (1% point change)	92	(74)	21	(17)	22	(19)	15	(12)
Life expectancy in years after the age of 65 (1 year change)	87	(97)	36	(45)	27	(27)	11	(11)

Expected contributions by the employer to be paid to the post-employment benefit plans during the annual period beginning after the end of the reporting period are CHF 106 million (2013: 105), of which CHF 34 million (2013: 33) related to Switzerland, CHF 14 million (2013: 14) related to the United Kingdom and CHF 36 million (2013: 37) related to North America.

33 Share compensation plans

Employee share purchase plan

Holcim has an employee share ownership plan for all employees of Swiss subsidiaries and some executives from Group companies. This plan entitles employees to acquire a limited amount of discounted Holcim shares generally at 70 percent of the market value based on the prior-month average share price. The shares cannot be sold for a period of two years from the date of purchase. The total expense arising from this plan amounted to CHF 5.2 million in 2014 (2013: 4.4).

Share plan for management of Group companies

Part of the variable, performance-related compensation for management of Group companies is paid in Holcim shares, which are granted based on the market price of the share in the following year. The shares cannot be sold by the employee for the next three years. The total expense arising from this share plan amounted to CHF 5.6 million in 2014 (2013: 4.5).

Senior management share plans

Part of the variable, performance-related compensation of senior management is paid in Holcim shares, which are granted based on the market price of the share in the following year. The shares cannot be sold nor pledged by the employee for the next five years. The total expense arising from these share plans amounted to CHF 2.2 million in 2014 (2013: 2.3).

Share option plans

Two types of share options are granted to senior management of the Holcim Group, the ones, which are granted as part of the annual variable compensation and those, that are allotted to the Executive Committee upon appointment. In both cases, each option represents the right to acquire one registered share of Holcim Ltd at the market price of the shares at the date of grant (see explanations on page 120).

The contractual term of the first type of option plan is eight years, with immediate vesting but exercise restrictions for a period of three years following the grant date.

The contractual term of the second type of option plan is twelve years and the options have a vesting period (service-related only) of nine years from the date of grant, with sale and pledge restrictions.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price(1)		Number(1)	
			2014	**2013**
January 1	**CHF**	**68.65**	**1,461,609**	**1,550,131**
Granted and vested (individual component of variable compensation)	CHF	69.15	99,532	122,770
Granted and vested (single allotment)	CHF	71.50	33,550	11,183
Forfeited			0	5,083
Exercised	CHF	76.90	182,490	183,842
Lapsed	CHF	77.01	252,733	33,550
December 31	**CHF**	**68.85**	**1,159,468**	**1,461,609**
Of which exercisable at the end of the year			511,239	796,699

Note:

(1) Adjusted to reflect former share splits and/or capital increases.

Share options outstanding at the end of the year have the following expiry dates and give the right to acquire one registered share of Holcim Ltd at the exercise prices as listed below:

Option grant date	Expiry date	Exercise price (1)		Number(1)	
				2014	2013
2002	2014	CHF	67.15	0	122,737
2003	2015[2]	CHF	67.15	0	33,550
2004	2016[2]	CHF	67.15	23,550	33,550
2005	2014[2]	CHF	74.54	0	71,423
2006	2014	CHF	100.69	0	58,573
2007	2015	CHF	125.34	49,674	49,674
2008	2016	CHF	104.34	71,083	71,083
2008	2020	CHF	67.15	33,550	33,550
2009	2017	CHF	38.26	153,482	224,478
2010	2018	CHF	71.15	99,493	131,631
2010	2022	CHF	75.40	33,550	33,550
2010	2022	CHF	81.45	33,550	33,550
2011	2019	CHF	67.15	113,957	149,763
2011	2023	CHF	71.50	67,100	67,100
2012	2020	CHF	58.50	179,894	179,894
2012	2024	CHF	67.15	33,550	33,550
2013	2021	CHF	71.90	122,770	122,770
2013	2025	CHF	71.50	11,183	11,183
2014	2022	CHF	69.15	99,532	0
2014	2026	CHF	71.50	33,550	0
Total				**1,159,468**	**1,461,609**

Notes:

(1) Adjusted to reflect former share splits and/or capital increases.

(2) Due to trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.

In 2014, options exercised resulted in 182,490 shares (2013: 183,842) being issued at a weighted average share price of CHF 76.90 (2013: 72.52).

The fair value of options granted for the year 2014 using the Black Scholes valuation model is CHF 14.44 (2013: 18.26). The significant inputs into the model are the share price and an exercise price of CHF 72.05 (2013: 69.15) at the date of grant, an expected volatility of 28.0 percent (2013: 33.5), an expected option life of 6 years (2013: 6), a dividend yield of 1.80 percent (2013: 1.70) and an annual risk-free interest rate of -0.3 percent (2013: 0.4). Expected volatility was determined by calculating the historical volatility of the Group’s share price over the respective vesting period.

All shares granted under these plans are either purchased from the market or derived from treasury shares. The total personnel expense arising from the granting of options based on the individual component of variable compensation amounted to CHF 2.0 million in 2014 (2013: 2.0).

34 Construction contracts

	2014	2013
	Million CHF	
Contract revenue recognized during the year	**1,130**	**1,072**
Contract costs incurred and recognized profits (less recognized losses) to date	2,350	2,923
Progress billings to date	(2,316)	(2,925)
Due from (to) contract customers at the end of the reporting period	**34**	**(2)**
Of which:		
Due from customers for contract work	69	31
Due to customers for contract work	(35)	(34)

35 Details of shares

	December 31	
	2014	2013
	Number of registered shares	
Total outstanding shares	**325,867,037**	**325,563,866**
Treasury shares		
Reserved for call options	1,159,468	1,461,609
Unreserved	59,871	60,901
Total treasury shares	**1,219,339**	**1,522,510**
Total issued shares	**327,086,376**	**327,086,376**
Shares out of conditional share capital		
Reserved for convertible bonds	1,422,350	1,422,350
Total shares out of conditional share capital	**1,422,350**	**1,422,350**
Total shares	**328,508,726**	**328,508,726**

The par value per share is CHF 2. The share capital amounts to nominal CHF 654 million (2013: 654) and the treasury shares amount to CHF 82 million (2013: 102).

36 Non-controlling interest

Holcim has two Group companies with material non-controlling interests. Information regarding these subsidiaries is as follows:

Material non-controlling interest

Company	Principal place of business	Non-controlling interest[(1)]		Net income[(2)]		Total equity[(2)]		Dividends paid to non-controlling interest	
Million CHF		2014	2013	2014	2013	2014	2013	2014	2013
ACC Limited	India	49.7%	49.7%	79	76	771	679	48	44
Ambuja Cements L td.	India	49.6%	49.5%	97	90	949	818	46	44

Notes:

(1) The non-controlling interest of ACC Limited and Ambuja Cements Ltd. represents the ownership interests, which is equal to the voting rights in these two companies.

(2) Attributable to non-controlling interest.

Set out below is the summarized financial information relating to ACC Limited and Ambuja Cements Ltd. before intercompany eliminations.

Statement of financial position

	ACC Limited		Ambuja Cements Ltd.	
	2014	2013	2014	2013
	Million CHF			
Current assets	598	634	942	802
Long-term assets	1,677	1,375	1,562	1,396
Total assets	**2,275**	**2,009**	**2,504**	**2,198**
Current liabilities	472	358	379	344
Long-term liabilities	252	285	216	203
Total liabilities	**724**	**643**	**595**	**546**
Net assets	**1,551**	**1,366**	**1,909**	**1,651**
Statement of income				
Million CHF	2014	2013	2014	2013
Net sales	**1,714**	**1,732**	**1,479**	**1,437**
Net income	**158**	**153**	**195**	**182**
Statement of cash flows				
Cashflow from operating activities	**225**	**208**	**290**	**244**
(De)Increase in cash and cash equivalents	**(141)**	**(101)**	**72**	**20**

37 Contingencies, guarantees and commitments

Contingencies

In the ordinary course of business, the Group is involved in lawsuits, claims of various natures, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

At December 31, 2014, the Group's contingencies amounted to CHF 1,037 million (2013: 779), which included contingencies of CHF 362 million (2013: 333) from ACC Limited and Ambuja Cements Ltd. and of CHF 190 million from Holcim Brazil. It is possible, but not probable, that the respective legal cases will result in future liabilities.

The Competition Commission of India issued an order dated June 20, 2012, imposing a penalty of CHF 362 million (INR 23,119 million) on ACC Limited and Ambuja Cements Ltd. concerning an alleged breach of competition law by certain cement manufacturers in India. The two Indian Holcim Group companies contest the allegation and have filed an appeal against the order before the appropriate authority, which is pending a decision. As per the order, a total deposit of 10% of the penalty amounts has been placed with a financial institution by both Holcim Group companies with a lien in favor of the Competition Appellate Tribunal. Based on the advice of external legal counsel, Holcim believes that it has good grounds for appeal. Accordingly, no provision has been recognized in the statement of financial position.

On May 28, 2014, the Administrative Council for Economic Defense (CADE) has ruled an order including fines against several Brazilian cement companies. This also applies to Holcim Brazil, which has been fined CHF 190 million (BRL 508 million). The order relates to the competition law proceedings started in 2006 which aimed at investigating the conduct of several of the leading cement producers in Brazil. In the context of the proceeding, Holcim Brazil has always supplied all information requested. The company reinforces that it acts lawfully and in accordance with fair competition rules and practices. Holcim Brazil will pursue all available legal steps to defend its position. Accordingly, no provision has been recognized in the statement of financial position.

There are no further single matters pending that the Group expects to be material in relation to the Group's business, financial position or results of operations.

Guarantees

At December 31, 2014, guarantees issued in the ordinary course of business amounted to CHF 386 million (2013: 411).

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services, buys and sells investments, associated companies and Group companies or portions thereof. It is common practice for the Group to make offers or receive call or put options in connection with such acquisitions and divestitures.

At December 31, 2014, the Group's commitments amounted to CHF 1,351 million (2013: 1,284), of which CHF 543 million (2013: 759) related to the purchase of property, plant and equipment.

On November 7, 2014, Group Holcim signed a Share and Loan Purchase Agreement where it agreed to purchase an additional 15% interest in United Cement Company of Nigeria Ltd ("Unicem") and also agreed to purchase shareholder loans to Unicem in 2015. The total estimate of the financial commitment relating to these transactions amounts to CHF 146 million (USD 148 million).

38 Monetary net current assets by currency

	Cash and cash equivalents	Accounts receivable	Trade accounts payable	Current financial liabilities	Other current liabilities[(1)]	Total 2014	Total 2013
				Million CHF			
CHF	172	130	53	337	239	(327)	(84)
USD	349	420	429	491	311	(462)	(638)
EUR	111	534	313	264	305	(237)	(1,835)
GBP	59	343	351	29	167	(145)	(161)
AUD	99	226	98	351	170	(294)	(43)
CAD	38	152	159	85	69	(123)	(78)
IDR	12	71	82	68	59	(126)	(30)
INR	965	187	184	114	542	312	428
MAD	8	84	41	217	53	(219)	57
MXN	19	108	42	138	97	(150)	(172)
PHP	108	49	55	35	55	12	61
Others	209	391	294	373	253	(320)	(201)
Total	**2,149**	**2,695**	**2,101**	**2,502**	**2,320**	**(2,079)**	**(2,696)**

Note:

(1) Beside "Other current liabilities", this position includes as well "Current income tax liabilities", "Short-term provisions" and "Liabilities directly associated with assets classified as held for sale".

39 Cash flow from investing activities

	2014	2013
	Million CHF	
Purchase of property, plant and equipment net		
Replacements	(947)	(923)
Proceeds from sale of property, plant and equipment	209	205
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	**(738)**	**(719)**
Expansion investments	(1,020)	(1,282)
Total purchase of property, plant and equipment net (A)	**(1,759)**	**(2,000)**
Acquisition of participation in Group companies (net of cash and cash equivalents acquired)[1]	**(2)**	**(8)**
Disposal of participation in Group companies (net of cash and cash equivalents disposed of)[1]	**36**	**407**
Purchase of financial assets, intangible and other assets		
Increase in financial investments including associates and joint ventures	(4)	(23)
Increase in other financial assets, intangible and other assets	(296)	(240)
Total purchase of financial assets, intangible and other assets	**(300)**	**(263)**
Disposal of financial assets, intangible and other assets		
Decrease in financial investments including associates and joint ventures	46	11
Decrease in other financial assets, intangible and other assets	254	188
Total disposal of financial assets, intangible and other assets	**300**	**199**
Total disposal (purchase) of financial assets, intangible and other assets and businesses net (B)	**35**	**336**
Total cash flow from investing activities (A + B)	**(1,724)**	**(1,665)**

Note:

(1) Including goodwill.

Cash flow from acquisitions and disposals of Group companies

	Acquisitions		Disposals	
	2014	2013	2014	2013
	Million CHF			
Current assets	0	(9)	2	124
Property, plant and equipment	(2)	(7)	4	450
Other assets	0	0	0	30
Current liabilities	0	6	0	(254)
Long-term provisions	0	0	0	(27)
Other long-term liabilities	0	1	0	(26)
Net assets	**(2)**	**(9)**	**6**	**298**
Non-controlling interest	0	0	(1)	(98)
Net assets (acquired) disposed	**(2)**	**(9)**	**5**	**201**
Goodwill (acquired) disposed	0	(4)	2	48
Fair value of previously held (retained) equity interest	0	1	0	0
Net gain (loss) on disposals	0	0	32	156
Total (purchase) disposal consideration	**(2)**	**(12)**	**39**	**405**
Acquired (disposed) cash and cash equivalents	0	1	0	2
Payables and loan notes	0	4	(2)	0
Net cash flow	**(2)**	**(8)**	**36**	**407**

40 Transactions and relations with members of the Board of Directors and senior management

Key management compensation

Board of Directors

In 2014, twelve non-executive members of the Board of Directors received a total remuneration of CHF 3.7 million (2013: 3.4) in the form of short-term employee benefits of CHF 2.3 million (2013: 2.2), post-employment benefits of CHF 0.1 million (2013: 0.1), share-based payments of CHF 1.0 million (2013: 0.9) and other compensation of CHF 0.2 million (2013: 0.2).

Senior management

The total annual compensation for the 16 members of senior management (including CEO) amounted to CHF 32.3 million (2013: 25.9). This amount comprises of base salary and variable cash compensation of CHF 19.6 million (2013: 15.1), share-based compensations of CHF 5.0 million (2013: 3.7), employer contributions to pension plans of CHF 7.2 million (2013: 6.6) and “Others” compensation of CHF 0.5 million (2013: 0.5). The base salary and the variable cash compensation are disclosed, including foreign withholding tax. Further included in the contribution to pension plans are the employer’s contributions to social security (AHV/IV).

Compensation for former members of governing bodies

In the year under review, compensation in the amount of CHF 3.5 million (2013: 2.8) was paid to six (2013: ten) former members of senior management.

Loans

As at December 31, 2014, and December 31, 2013, there were no loans outstanding, to members of the Board of Directors and members of senior management.

Other transactions

As part of the employee share purchase plan, Holcim manages employees' shares. It sells and purchases Holcim Ltd shares to and from employees and on the open market. In this context, the company purchased Holcim Ltd shares of CHF 0.1 million (2013: 0.1) at the stock market price from members of senior management.

No compensation was paid or loans granted to parties closely related to members of the governing bodies.

41 Other information

On April 7, 2014, Holcim Ltd and Lafarge S.A. announced their intention to combine the two companies through a merger. The proposed combination would be structured as a public offer filed by Holcim for all outstanding shares of Lafarge on the basis of a 1 for 1 exchange ratio. The combination is conditional upon, amongst other things, execution of definitive documentation, obtaining required approvals from the relevant regulatory authorities and other customary authorizations and approval of the shareholders of Holcim Ltd and is expected to be completed by the end of the first half of 2015. In 2014, Holcim has incurred merger costs of CHF 77 million.

Holcim and Lafarge have completed all necessary notifications with regulatory authorities worldwide. On December 15, 2014, Holcim and Lafarge received clearance from the European Commission for their proposed merger.

As part of the proposed merger, Holcim and Lafarge announced on February 2, 2015, that they have entered exclusive negotiations, further to a binding commitment made by CRH, regarding the sale of several assets.

42 Events after the reporting period

On January 15, 2015, the Swiss National Bank announced to abandon its cap on the Swiss franc against the Euro. As of this date, the major currencies relevant for Group Holcim (EUR and USD) devalued considerably against the Swiss franc. However, the event described had no impact on the Group's financial statements for the year ended December 31, 2014.

43 Authorization of the financial statements for issuance

The consolidated financial statements were authorized for issuance by the Board of Directors of Holcim Ltd on February 20, 2015, and are subject to shareholder approval at the annual general meeting of shareholders scheduled for April 13, 2015.

Principal companies of the Holcim Group

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Asia Pacific	ACC Limited	India	INR	1,879,518	50.3%
	Ambuja Cements Ltd.	India	INR	3,099,492	50.4%
	Holcim (Lanka) Ltd	Sri Lanka	LKR	2,858,021	98.9%
	Holcim Cement (Bangladesh) Ltd.	Bangladesh	BDT	8,824	74.2%
	Holcim (Malaysia) Sdn Bhd	Malaysia	MYR	10,450	100.0%
	Holcim (Singapore) Ltd	Singapore	SGD	44,322	90.8%
	PT Holcim Indonesia Tbk.	Indonesia	IDR	3,645,034,000	80.6%
	Holcim (Vietnam) Ltd	Vietnam	USD	189,400	65.0%
	Holcim Philippines Inc.	Philippines	PHP	6,452,099	85.8%
	Cement Australia Holdings Pty Ltd[(1)]	Australia	AUD	390,740	50.0%
	Holcim (Australia) Holdings Pty Ltd	Australia	AUD	1,413,929	100.0%
	Holcim (New Zealand) Ltd	New Zealand	NZD	22,004	100.0%
Latin America	Holcim Mexico S.A. de C.V.	Mexico	MXN	10,513,086	100.0%
	Holcim El Salvador S.A. de C.V.	El Salvador	USD	78,178	95.2%
	Holcim (Costa Rica) S.A.	Costa Rica	CRC	8,577,371	60.0%
	Holcim (Nicaragua) S.A.	Nicaragua	NIO	19,469	80.0
	Holcim (Colombia) S.A.	Colombia	COP	72,536,776	99.8%
	Holcim (Ecuador) S.A.	Ecuador	USD	102,405	92.2%
	Holcim	Brazil	BRL	455,259	99.9%

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
	(Brasil) S.A.				
	Holcim (Argentina) S.A.	Argentina	ARS	352,057	79.6%
	Cemento Polpaico S.A.	Chile	CLP	7,675,262	54.3%
Europe	Holcim (France) S.A.S.	France	EUR	96,971	100.0%
	Holcim (Belgique) S.A.	Belgium	EUR	750,767	100.0%
	Holcim (España) S.A.	Spain	EUR	177,772	99.9%
	Holcim Trading S.A.	Spain	EUR	19,600	100.0%
	Aggregate Industries Ltd	United Kingdom	GBP	0	100.0%
	Holcim (Deutschland) AG	Germany	EUR	47,064	100.0%
	Holcim (Süddeutschland) GmbH	Germany	EUR	6,450	100.0%
	Holcim (Schweiz) AG	Switzerland	CHF	71,100	100.0%
	Holcim Group Services Ltd	Switzerland	CHF	1,000	100.0%
	Holcim Technology Ltd	Switzerland	CHF	10,000	100.0%
	Holcim Gruppo (Italia) S.p.A.	Italy	EUR	115,103	100.0%
	Holcim (Česko) a.s.	Czech Republic	CZK	486,297	100.0%
	Holcim (Slovensko) a.s.	Slovakia	EUR	283,319	99.7%
	Holcim Magyarország Kft.	Hungary	HUF	600,000	99.9%
	Holcim (Hrvatska) d.o.o.	Croatia	HRK	243,852	99.9%
	Holcim (Serbia) d.o.o.	Serbia	RSD	493,837	100.0%
	Holcim (Romania) S.A.	Romania	RON	274,243	99.7%
	Holcim (Bulgaria) AD	Bulgaria	BGN	1,093	100.0%
	Holcim (Rus)	Russia	RUB	8,147	100.0%

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
	OAO				
	Holcim (Azerbaijan) O.J.S.C.	Azerbaijan	AZN	31,813	70.2%
North America	Holcim (US) Inc.	USA	USD	0	100.0%
	Aggregate Industries Management Inc.	USA	USD	121	100.0%
	Holcim (Canada) Inc.	Canada	CAD	91,201	100.0%
Africa Middle East	Holcim (Maroc) S.A.	Morocco	MAD	494,626	61.0%
	Ciments de Guinée S.A.	Guinea	GNF	46,393,000	59.9%
	Société de Ciments et Matériaux	Ivory Coast	XOF	912,940	99.9%
	Holcim (Liban) S.A.L.	Lebanon	LBP	195,160,400	52.1%
	Holcim (Outre-Mer) S.A.S.	La Réunion	EUR	37,748	100.0%

Note:

(1) Joint operation

Listed Group companies

Region	Company	Domicile	Place of listing	Market capitalization at December 31, 2014 in local currency		Security code number
Asia Pacific	ACC Limited	Mumbai	Mumbai	INR	262,731 million	INE012A01025
	Ambuja Cements Ltd.	Mumbai	Mumbai	INR	354,659 million	INE079A01024
	PT Holcim Indonesia Tbk.	Jakarta	Jakarta	IDR	16 743,437 million	ID1000072309
	Holcim Philippines Inc.	Manila	Manila	PHP	96,652 million	PHY3232G1014
Latin America	Holcim (Costa Rica) S.A.	San José	San José	CRC	183,985 million	CRINC00A0010
	Holcim (Ecuador) S.A.	Guayaquil	Quito, Guayaquil	USD	1,536 million	ECP516721068
	Holcim (Argentina) S.A.	Buenos Aires	Buenos Aires	ARS	1,901 million	ARP6806N1051
	Cemento Polpaico S.A.	Santiago	Santiago	CLP	98,311 million	CLP2216J1070
Africa Middle East	Holcim (Maroc) S.A.	Rabat	Casablanca	MAD	9,418 million	MA0000010332
	Holcim (Liban) S.A.L.	Beirut	Beirut	USD	298 million	LB0000012833

Principal finance and holding companies

Company	Place	Nominal share capital in 000		Participation (voting right)
Holcim Ltd[1]	Switzerland	CHF	654,173	100.0%
Aggregate Industries Holdings Limited	United Kingdom	GBP	339,563	100.0%
Holcibel S.A.	Belgium	EUR	1,366,000	100.0%
Holchin B.V.	Netherlands	EUR	20	100.0%
Holcim Auslandbeteiligungs GmbH (Deutschland)	Germany	EUR	2,557	100.0%
Holcim Beteiligungs GmbH (Deutschland)	Germany	EUR	102,000	100.0%
Holcim Capital Corporation Ltd.	Bermuda	USD	2,630	100.0%
Holcim Capital México, S.A. de C.V.	Mexico	MXN	20,050	100.0%
Holcim Capital (Thailand) Ltd.	Thailand	THB	1,100	100.0%
Holcim European Finance Ltd.	Bermuda	EUR	25	100.0%
Holcim Finance (Australia) Pty Ltd	Australia	AUD	0	100.0%
Holcim Finance (Belgium) S.A.	Belgium	EUR	62	100.0%
Holcim Finance (Canada) Inc.	Canada	CAD	0	100.0%
Holcim Finance (Luxembourg) S.A.	Luxembourg	EUR	1,900	100.0%
Holcim GB Finance Ltd.	Bermuda	GBP	8	100.0%
Holcim (India) Private Limited	India	INR	56,903,850	100.0%
Holcim Investments (France) SAS	France	EUR	15,552	100.0%
Holcim Investments (Spain) S.L.	Spain	EUR	173,834	100.0%
Holcim Overseas Finance Ltd.	Bermuda	CHF	16	100.0%
Holcim Participations (UK) Limited	United Kingdom	GBP	690,000	100.0%
Holcim Participations (US) Inc.	USA	USD	67	100.0%
Holcim US Finance S.à r.l. & Cie S.C.S.	Luxembourg	USD	20	100.0%
Holderfin B.V.	Netherlands	EUR	3,772	100.0%
Holderind Investments Ltd.	Mauritius	USD	130,000	100.0%
Vennor Investments Pty Ltd	Australia	AUD	30,115	100.0%

Note:

(1) Holcim Ltd, Zürcherstrasse 156, CH-8645 Jona

Principal joint ventures and associated companies

Region	Company	Country of incorporation or residence	Participation (voting right)
Asia Pacific	Huaxin Cement Co. Ltd.	China	41.9%
	Siam City Cement Public Company Limited[1]	Thailand	27.5%
Africa Middle East	Lafarge Cement Egypt S.A.E.	Egypt	43.7%
	United Cement Company of Nigeria Ltd	Nigeria	35.0%

Note:

(1) Joint venture

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

Report of the auditors of Holcim Ltd on the consolidated financial statements as of and for the year ended December 31, 2013

To the General Meeting of Holcim Ltd, Jona

Zurich, February 25, 2014

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Holcim Ltd, which comprise the consolidated statement of income, consolidated statement of comprehensive earnings, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes on pages F-84 to F-180 for the year ended December 31, 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2013, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with Art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors. We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Willy Hofstetter	Elisa Alfieri
Licensed Audit Expert	Licensed Audit Expert
Auditor in charge	

Consolidated Financial Statements as of and for the year ended December 31, 2013

Consolidated statement of income of Group Holcim

	Notes	2013	2012
			Restated[1]
		Million CHF	
Net sales	6, 7	**19,719**	**21,160**
Production cost of goods sold	8	(11,087)	(12,529)
Gross profit		**8,632**	**8,631**
Distribution and selling expenses	9	(5,021)	(5,418)
Administration expenses		(1,254)	(1,464)
Operating profit		**2,357**	**1,749**
Other income	12	204	208
Share of profit of associates and joint ventures	24	161	147
Financial income	13	183	232
Financial expenses	14	(777)	(782)
Net income before taxes		**2,128**	**1,552**
Income taxes	15	(533)	(550)
Net income		**1,596**	**1,002**
Attributable to:			
Shareholders of Holcim Ltd		1,272	610
Non-controlling interest		324	392
Earnings per share in CHF			
Earnings per share	17	3.91	1.89
Fully diluted earnings per share	17	3.91	1.89

Note:

(1) Restated due to changes in accounting policies, see note 1.

Consolidated statement of comprehensive earnings of Group Holcim

	Notes	2013	2012
			Restated[(1)]
		Million CHF	
Net income		**1,596**	**1,002**
Other comprehensive earnings			
Items that will be reclassified to the statement of income in future periods			
Currency translation effects			
– Exchange differences on translation		(1,608)	(530)
– Realized through statement of income		8	3
– Tax effect		14	17
Available-for-sale financial assets			
– Change in fair value		(14)	2
– Realized through statement of income	27	(65)	(63)
– Tax effect		0	
Cash flow hedges			
– Change in fair value		5	(15)
– Realized through statement of income			3
– Tax effect		(1)	
Net investment hedges in subsidiaries			
– Change in fair value		3	(1)
– Tax effect			
Subtotal		**(1,657)**	**(584)**
Items that will not be reclassified to the statement of income in future periods			
Defined benefit plans			
– Remeasurements and effect of asset ceiling		217	(83)
– Tax effect		(48)	29
Subtotal		**169**	**(54)**
Total other comprehensive earnings		**(1,488)**	**(637)**
Total comprehensive earnings		**108**	**365**
Attributable to:			
Shareholders of Holcim Ltd		86	96
Non-controlling interest		22	270

Note:

(1) Restated due to changes in accounting policies, see note 1.

Consolidated statement of financial position of Group Holcim

	Notes	31.12.2013	31.12.2012	1.1.2012
			Restated(1)	Restated(1)
			Million CHF	
Cash and cash equivalents	18	2,244	3,119	2,918
Accounts receivable	19	2,521	2,682	2,687
Inventories	20	1,704	2,018	2,052
Prepaid expenses and other current assets	21	365	401	384
Assets classified as held for sale	22	756	56	16
Total current assets		**7,590**	**8,275**	**8,058**
Long-term financial assets	23	536	551	559
Investments in associates and joint ventures	24	1,562	1,539	1,747
Property, plant and equipment	25	20,029	21,791	22,643
Intangible assets	26	7,486	8,131	8,299
Deferred tax assets	32	391	478	536
Other long-term assets	27	351	433	497
Total long-term assets		**30,355**	**32,922**	**34,280**
Total assets		**37,944**	**41,198**	**42,338**
Trade accounts payable	28	1,934	2,146	2,360
Current financial liabilities	29	2,920	3,546	2,816
Current income tax liabilities		462	442	410
Other current liabilities		1,708	1,868	1,807
Short-term provisions	33	224	298	241
Liabilities directly associated with assets classified as held for sale	22	213	0	0
Total current liabilities		**7,461**	**8,299**	**7,635**
Long-term financial liabilities	29	8,785	9,899	11,611
Defined benefit obligations	34	655	902	851
Deferred tax liabilities	32	1,290	1,702	1,954
Long-term provisions	33	1,077	1,161	1,167
Total long-term liabilities		**11,807**	**13,665**	**15,583**
Total liabilities		**19,267**	**21,964**	**23,219**
Share capital	37	654	654	654
Capital surplus		8,200	8,573	8,894
Treasury shares	37	(102)	(114)	(486)
Reserves		7,453	7,324	7,315
Total equity attributable to shareholders of Holcim Ltd		**16,205**	**16,437**	**16,377**
Non-controlling interest	38	2,471	2,797	2,742
Total shareholders' equity		**18,677**	**19,234**	**19,118**
Total liabilities and shareholders' equity		**37,944**	**41,198**	**42,338**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Consolidated statement of changes in equity of Group Holcim

	Share capital	Capital surplus	Treasury shares	Retained earnings
			Restated[1]	Restated[1]
			Million CHF	
Equity as at January 1, 2013[1]	**654**	**8,573**	**(114)**	**15,808**
Net income				1,272
Other comprehensive earnings				169
Total comprehensive earnings				1,442
Payout		(374)		
Change in treasury shares			1	(1)
Share-based remuneration		2	12	
Capital paid-in by non-controlling interest				
Disposal of participation in Group companies				
Change in participation in existing Group companies				44
Equity as at December 31, 2013	**654**	**8,200**	**(102)**	**17,294**
Equity as at December 31, 2011	**654**	**8,894**	**(486)**	**15,785**
Restatement[1]				(453)
Equity as at January 1, 2012[1]	**654**	**8,894**	**(486)**	**15,332**
Net income[1]				610
Other comprehensive earnings[1]				(48)
Total comprehensive earnings[1]				563
Payout[1]		(325)		
Change in treasury shares			342	(49)
Share-based remuneration		4	11	
Capital paid-in by non-controlling interest				
Change in participation in existing Group companies[1]			18	(38)
Equity as at December 31, 2012[1]	**654**	**8,573**	**(114)**	**15,808**

Notes:

(1) Restated due to changes in accounting policies, see note 1.

(2) Currency translation adjustments include CHF –19 million relating to assets and directly associated liabilities classified as held for sale, see note 22.

Consolidated statement of changes in equity of Group Holcim

Available-for-sale reserve	Cash flow hedging reserve	Currency translation adjustments	Total reserves	Total equity attributable to shareholders of Holcim Ltd	Non-controlling interest	Total shareholders' equity
132	**(7)**	**(8,608)**	**7,324**	**16,437**	**2,797**	**19,234**
			1,272	1,272	324	1,596
(79)	4	(1,281)	(1,186)	(1,186)	(302)	(1,488)
(79)	4	(1,281)	86	86	22	108
				(374)	(199)	(573)
		0	(1)	0		0
		0	0	13		13
					6	6
					(109)	(109)
			44	44	(46)	(1)
52	**(4)**	**(9,889)**[(2)]	**7,453**	**16,205**	**2,471**	**18,677**
193	**4**	**(8,214)**	**7,768**	**16,830**	**2,827**	**19,656**
			(453)	**(453)**	**(85)**	**(538)**
193	**4**	**(8,214)**	**7,315**	**16,377**	**2,742**	**19,118**
			610	610	392	1,002
(61)	(12)	(394)	(515)	(515)	(122)	(637)
(61)	(12)	(394)	96	96	270	365
				(325)	(206)	(531)
			(49)	293		293
		1	1	16		16
			(38)	(20)	(24)	(43)
132	**(7)**	**(8,608)**	**7,324**	**16,437**	**2,797**	**19,234**

Consolidated statement of cash flows of Group Holcim

	Notes	2013	2012
			Restated[1]
		Million CHF	
Net income before taxes		**2,128**	**1,552**
Other income	12	(204)	(208)
Share of profit of associates and joint ventures	24	(161)	(147)
Financial expenses net	13, 14	594	551
Operating profit		**2,357**	**1,749**
Depreciation, amortization and impairment of operating assets	10	1,538	2,140
Other non-cash items		178	429
Change in net working capital		(217)	(552)
Cash generated from operations		**3,857**	**3,766**
Dividends received		137	98
Interest received		145	159
Interest paid		(652)	(707)
Income taxes paid		(659)	(646)
Other expenses		(42)	(27)
Cash flow from operating activities (A)		**2,787**	**2,643**
Purchase of property, plant and equipment		(2,205)	(1,711)
Disposal of property, plant and equipment		205	118
Acquisition of participation in Group companies		(8)	(1)
Disposal of participation in Group companies		407	8
Purchase of financial assets, intangible and other assets		(263)	(182)
Disposal of financial assets, intangible and other assets		199	571
Cash flow from investing activities (B)	41	**(1,665)**	**(1,197)**
Payout on ordinary shares	17	(374)	(325)
Dividends paid to non-controlling interest		(202)	(207)
Capital paid-in by non-controlling interest		6	16
Movement of treasury shares	37	0	293
Proceeds from current financial liabilities		6,252	7,299
Repayment of current financial liabilities		(6,465)	(7,170)
Proceeds from long-term financial liabilities		2,635	5,202
Repayment of long-term financial liabilities		(3,471)	(6,168)

	Notes	2013	2012
			Restated[(1)]
		Million CHF	
Increase in participation in existing Group companies		(5)	(66)
Cash flow from financing activities (C)		**(1,625)**	**(1,127)**
....			
(De)Increase in cash and cash equivalents (A + B + C)		**(503)**	**320**
Cash and cash equivalents as at January 1 (net)	**18**	**2,711**	**2,468**
(De)Increase in cash and cash equivalents		(503)	320
Currency translation effects		(215)	(78)
Cash and cash equivalents as at December 31 (net)	**18**	**1,993**	**2,711**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Adoption of revised and new International Financial Reporting Standards and interpretations

In 2013, Group Holcim adopted the following new and revised standards and interpretations relevant to the Group:

IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IAS 1 (amended)	*Presentation of Items of Other Comprehensive Income*
IAS 19 (revised)	*Employee Benefits*
IAS 28 (revised)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production*
	Phase of a Surface Mine
Improvements to IFRSs	*Clarifications of existing IFRSs (issued in May 2012)*

For further details, refer to changes in accounting policies (note 1).

In addition to the new and revised standards and interpretation above, Group Holcim has in the current year early adopted the amendments to IAS 36 regarding recoverable amount disclosures for non-financial assets, which are effective retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted, provided IFRS 13 is also applied. The amendments to IAS 36 require the disclosure of the recoverable amounts for individual assets (including goodwill) or cash generating units for which an impairment loss has been recognized or reversed during the period. The Group has early adopted these amendments to IAS 36 as it provides useful information as intended by the IASB.

In 2015, Group Holcim will adopt the following amended standard relevant to the Group:

IAS 19 (amended)	Employee Benefits
Improvements to IFRSs	Clarifications of existing IFRSs (issued in December 2013)

The amendment to IAS 19 relating to defined benefit plans clarifies how employee contributions which are linked to service should be attributed to the periods of service. For contributions that are independent of the number of years of service, the amendment permits a company to either (a) reduce service cost by attributing it to periods of service or (b) by reducing service cost in the period in which the related service is rendered. Since Group Holcim already applies the option in (a) above, the amendment to IAS 19 will therefore not impact the consolidated financial statements.

The improvements to IFRSs relate largely to clarification issues only. Therefore, the adoption of these amendments will not materially impact the Group's financial statements.

Group Holcim plans to adopt the following new standard relevant to the Group not before 2017:

IFRS 9	Financial Instruments

IFRS 9 will ultimately replace IAS 39. The classification and measurement of financial assets and financial liabilities represents the first part of the new standard. This standard will require financial assets to be classified on initial recognition at either amortized cost or fair value. For financial liabilities, the new standard retains most of the current IAS 39 requirements. Therefore, the effect of applying the first part of this new standard will have no material impact on the Group's financial statements. Hedge accounting represents the second part of the new standard. The Group is in the process of evaluating any impact that hedge accounting may have on its consolidated financial statements. The IASB tentatively decided that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after January 1, 2017.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates.

Critical estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate primarily to goodwill, and to a lesser extent, defined benefit obligations, deferred tax assets, site restoration and other long-term provisions, depreciation of property, plant and equipment and the disclosure of contingent liabilities at the end of the reporting period. The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty (note 34).

The Group tests annually whether goodwill has suffered any impairment in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 26).

All estimates mentioned above are further detailed in the corresponding disclosures.

Scope of consolidation

The consolidated financial statements comprise those of Holcim Ltd and of its subsidiaries, including interests in joint operations. The list of principal companies is presented in the section "Principal companies of the Holcim Group".

Principles of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise is able to exercise control over the operations, are consolidated. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given at the date of exchange. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the statement of income. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the date of acquisition.

When Group Holcim acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

If the business combination is achieved in stages, the carrying amount of Group Holcim's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions and balances between Group companies are eliminated in full.

Changes in the ownership interest of a subsidiary that do not result in loss of control are accounted for as an equity transaction. Consequently, if Holcim acquires or partially disposes of a non-controlling interest in a subsidiary, without losing control, any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in retained earnings.

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the non-controlling shareholders mainly as part of a business combination. If the Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the non-controlling interest recognized as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent fair value changes of the financial liability are recognized in profit or loss and no earnings are attributed to the non-controlling interest. However, where the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent fair value changes of the financial liability are recognized directly in retained earnings.

Interests in joint arrangements are interests over which the Group exercises joint control and are classified as either joint operations or joint ventures depending on the contractual rights and obligations arising from the agreement rather than the legal structure of the joint arrangement. If the interest is classified as a joint operation, the Group recognizes its share of the assets, liabilities, revenues and expenses in the joint operation in accordance with the relevant IFRSs. All transactions and balances between the Group and the joint operation are eliminated to the extent of the Group's interest in the joint operation. When such transactions provide evidence of a reduction in the net realizable value of the assets to be sold or contributed to the joint operation, or of an impairment loss of those assets, those losses are fully recognized.

Associates are companies in which the Group generally holds between 20 and 50 percent of the voting rights and over which the Group has significant influence but does not exercise control.

Investments in associated companies and joint ventures are accounted for using the equity method of accounting.

Goodwill arising from the acquisition is included in the carrying amount of the investment in associated companies and joint ventures. Equity accounting is discontinued when the carrying amount of the investment together with any long-term interest in an associated company or joint venture reaches zero, unless the Group has also either incurred or guaranteed additional obligations in respect of the associated company or joint venture.

Foreign currency translation

The assets and liabilities of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Statements of income of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and statements of financial position are translated at the exchange rates prevailing on December 31.

Goodwill arising from the acquisition of a foreign operation is expressed in the functional currency of the foreign operation and is translated at the closing rate.

Foreign currency transactions translated into the functional currency are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except when deferred outside the statement of income as qualifying cash flow hedges or net investment hedges.

Exchange differences arising on monetary items that form part of a company's net investment in a foreign operation are reclassified to equity (currency translation adjustment) in the consolidated financial statements and are fully reclassified to the statement of income should Group Holcim lose control of a subsidiary, lose joint control over an interest in a joint arrangement or lose significant influence in an associate. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the net gain or loss on sale, except for a partial disposal of a subsidiary without loss of control.

Segment information

For management purposes, the Group is organized by geographical areas and has five reportable segments based on the location of assets as follows:

Asia Pacific
Latin America
Europe
North America
Africa Middle East

Each of the above reportable segments derives its revenues from the sale of cement, aggregates and other construction materials and services.

The Group has three product lines:

Cement, which comprises clinker, cement and other cementitious materials
Aggregates
Other construction materials and services, which comprises ready-mix concrete, concrete products, asphalt, construction and paving, trading and other products and services

Group financing (including financing costs and financing income) and income taxes are managed on a Group basis and are not allocated to any reportable segments.

Transfer prices between segments are set on an arms-length basis in a manner similar to transactions with third parties. Segment revenue and segment result include transfers between segments. Those transfers are eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents are financial assets. Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term, highly liquid investments, net of bank overdrafts.

Accounts receivable

Trade accounts receivable are carried at the original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts of the financial asset at the year end.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials and additives, direct labor, other direct costs and related production overheads. Cost of inventories includes transfers from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

Long-term financial assets

Long-term financial assets (note 23) consist of (a) financial investments – third parties, (b) long-term receivables – associates and joint ventures, (c) long-term receivables – third parties, and (d) derivative assets. Financial investments in third parties are classified as available-for-sale and long-term receivables from associates, joint ventures and third parties are classified as loans and receivables. Derivative assets are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 Financial Instruments: Recognition and Measurement, in which case they will be classified as held for trading.

All purchases and sales of long-term financial assets are recognized on trade date, which is the date that the Group commits to purchase or sell the asset. The purchase cost includes transaction costs, except for derivative instruments. Loans and receivables are measured at amortized cost using the effective interest method. Available-for-sale investments are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are included in other comprehensive earnings until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in other comprehensive earnings is reclassified from equity to the statement of income.

Property, plant and equipment

Property, plant and equipment is valued at acquisition or construction cost less depreciation and impairment loss. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Land	No depreciation except on land with raw material reserves
Buildings and installations	20 to 40 years
Machinery	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Group in future periods and the cost of the item can be measured reliably. Costs include the initial estimate of the costs for dismantling and removing the item and for restoring the site on which it is located. All other repairs and maintenance expenses are charged to the statement of income during the period in which they are incurred.

Mineral reserves, which are included in the class "land" of property, plant and equipment, are valued at cost and are depreciated based on the unit-of-production method over their estimated commercial lives.

Costs incurred to gain access to mineral reserves are capitalized and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves.

Interest costs on borrowings to finance construction projects, which necessarily take a substantial period of time to get ready for their intended use, are capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Government grants received are deducted from property, plant and equipment and reduce the depreciation charge accordingly.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is capitalized at the date of the commencement of the lease term at the present value of the minimum future lease payments or, if lower, at an amount equal to the fair value of the leased asset as determined at the inception of the lease. The corresponding lease obligations, excluding finance charges, are included in either current or long-term financial liabilities.

For sale-and-lease-back transactions, the book value of the related property, plant or equipment remains unchanged. Proceeds from a sale are included as a financing liability and the financing costs are allocated over the term of the lease in such a manner that the costs are reported over the relevant periods.

Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries and interests in joint operations is included in intangible assets. Such goodwill is tested annually for impairment or whenever there are impairment indicators, and is carried at cost less accumulated impairment losses. Goodwill on acquisitions of associates and joint ventures is included in the carrying amount of the respective investments. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

On disposal of a subsidiary or joint operation the related goodwill is included in the determination of profit or loss on disposal.

Goodwill on acquisitions of subsidiaries and interests in joint operations is allocated to cash generating units for the purpose of impairment testing (note 26). Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets

Expenditure on acquired patents, trademarks, licenses and other intangible assets is capitalized and amortized using the straight-line method over their estimated useful lives, but not exceeding 20 years.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Group estimates the recoverable amount of the smallest cash generating unit to which the non-financial asset belongs. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. If the recoverable amount of a non-financial asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the statement of income. In its 2013 impairment testing, the Group has relied in certain instances upon its 2012 recoverable amount estimates wherever these exceeded the cash generating units carrying amounts by a substantial margin.

Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset or cash generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for that non-financial asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of income.

Impairment of financial assets

At each reporting date, the Group assesses whether there is any indication that a financial asset may be impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any reversal of an impairment loss is recognized in profit or loss.

An impairment loss in respect of an available-for-sale financial asset is recognized in the statement of income and is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. Reversals of impairment losses on equity instruments classified as available-for-sale are recognized in other comprehensive earnings, while reversals of impairment losses on debt instruments are recognized in profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the statement of income.

In relation to accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectable.

Long-term financial liabilities

Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost, using the effective interest method, with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the statement of income over the term of the borrowings.

Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognized and included in shareholders' equity; the value of the conversion option is not remeasured in subsequent periods.

Long-term derivative liabilities are regarded as held for hedging unless they do not meet the strict hedging criteria stipulated under IAS 39 Financial Instruments: Recognition and Measurement, in which case they will be classified as held for trading.

Financial liabilities that are due within 12 months after the end of the reporting period are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until more than 12 months after the reporting period.

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences or unused tax losses can be utilized. Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries, associates and interests in joint arrangements except where the Group is able to control the distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future.

Deferred tax is charged or credited in the statement of income, except when it relates to items credited or charged outside the statement of income, in which case the deferred tax is treated accordingly.

Site restoration and other environmental provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through operating costs over the life of the site, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition. All provisions are discounted to their present value.

Emission rights

The initial allocation of emission rights granted is recognized at nominal amount (nil value). Where a Group company has emissions in excess of the emission rights granted, it will recognize a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not intend to speculate with these in the open market.

Other provisions

A provision is recognized when there exists a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Employee benefits – Defined benefit plans

Some Group companies provide defined benefit pension plans for employees. Professionally qualified independent actuaries value the defined benefit obligations on a regular basis. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognized immediately when they occur.

Remeasurements, which comprise actuarial gains and losses on the pension obligation, the return on plan assets and changes in the effect of the asset ceiling excluding amounts included in net interest, are recognized directly in other comprehensive earnings and are not reclassified to profit or loss in a subsequent period. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Employee benefits – Defined contribution plans

In addition to the defined benefit plans described above, some Group companies sponsor defined contribution plans based on local practices and regulations. The Group's contributions to defined contribution plans are charged to the statement of income in the period to which the contributions relate.

Employee benefits – Other long-term employment benefits

Other long-term employment benefits include long-service leave or sabbatical leave, medical aid, jubilee or other long-service benefits, long-term disability benefits and, if they are not expected to be settled wholly within twelve months after the year end, profit sharing, variable and deferred compensation.

The measurement of these obligations differs from defined benefit plans in that all remeasurements are recognized immediately in profit or loss and not in other comprehensive earnings.

Employee benefits – Equity compensation plans

The Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The amounts are charged to the statement of income over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting (note 35).

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery has taken place and the transfer of risks and rewards of ownership has been completed. The significant risks and rewards of products sold are transferred according to the specific delivery terms that have been formally agreed with the customer, generally upon delivery when the bill of lading is signed by the customer as evidence that they have accepted the product delivered to them.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive payment is established.

Certain Group activities are driven by construction contracts. Consequently, contract revenue and contract costs are recognized in the statement of income using the percentage of completion method, with the stage of completion being measured by reference to actual work performed to date.

Contingent liabilities

Contingent liabilities arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Holcim. They are accordingly only disclosed in the notes to the financial statements.

Financial instruments

Information on accounting for derivative financial instruments and hedging activities is included in the section "Risk management".

Risk management

Business risk management

Business Risk Management supports the Executive Committee and the management teams of the Group companies in their strategic decisions. Business Risk Management aims to systematically recognize major risks but also opportunities the company encounters. Potential risks are identified and evaluated at an early stage and constantly monitored. Countermeasures are then proposed and implemented at the appropriate level. All types of risk, from market, operations, finance and legal up to the external business environment, are considered including compliance and reputational aspects.

In addition to the Group companies, the Executive Committee and the Board of Directors are also involved in the assessment. The Group's risk profile is assessed from a variety of top-down and bottom-up angles. The Executive Committee reports regularly to the Board of Directors on important risk analysis findings and provides updates on the measures taken.

Financial risk management

The Group's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. Therefore, the Group does not enter into derivative or other financial transactions which are unrelated to its operating business.

Financial risk management within the Group is governed by policies approved by key management personnel. It provides principles for overall risk management as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and the investing of excess cash.

Liquidity risk

Group companies need liquidity to meet their obligations. Individual companies are responsible for their own cash balances and the raising of internal and external credit lines to cover the liquidity needs, subject to guidance by the Group.

The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements. In addition, the strong creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

In general, the Group does not hold or acquire any shares or options on shares or other equity products which are not directly related to the business of the Group.

Contractual maturity analysis

	Contractual undiscounted cash flows							
	Within 1 year	**Within 2 years**	**Within 3 years**	**Within 4 years**	**Within 5 years**	**Thereafter**	**Total**	**Carrying amount**
				Million CHF				
2013								
Trade accounts payable..	1,934						1,934	1,934
Loans from financial institutions	797	385	402	112	65	187	1,949	1,952
Bonds, private placements and commercial paper notes .	2,173	765	880	1,293	879	3,658	9,648	9,652
Interest payments...........	534	390	357	304	217	1,143	2,944	
Finance leases................	25	20	15	15	14	61	150	101
Derivative financial instruments net[1]...........	(24)	(19)	(21)	(17)	(4)	(63)	(149)	(101)
Total.............................	**5,439**	**1,540**	**1,632**	**1,708**	**1,171**	**4,986**	**16,476**	
2012[2]								
Trade accounts payable..	2,146						2,146	2,146
Loans from financial institutions	1,422	314	229	220	66	183	2,435	2,441
Bonds, private placements and commercial paper notes .	2,149	1,689	1,077	887	1,332	3,658	10,792	10,840
Interest payments...........	593	497	345	303	258	770	2,767	
Finance leases................	25	19	12	10	9	68	143	93
Derivative financial instruments net[1]...........	9	(14)	32	(16)	(12)	(30)	(31)	(40)
Total.............................	**6,343**	**2,505**	**1,695**	**1,404**	**1,653**	**4,650**	**18,251**	

Notes:

(1) All derivative financial instruments are held for hedging. The contractual cash flows include both cash in- and outflows. Additional information is disclosed in note 31.

(2) Restated due to changes in accounting policies, see note 1.

The maturity profile is based on contractual undiscounted amounts including both interest and principal cash flows and based on the earliest date on which Holcim can be required to pay.

Contractual interest cash flows relating to a variable interest rate are calculated based on the rates prevailing as of December 31.

Market risk

Holcim is exposed to market risk, primarily relating to foreign exchange and interest rate risk. To manage the volatility relating to these exposures, Holcim enters into a variety of derivative financial instruments. The Group's objective is to reduce fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk.

Interest rate risk

Interest rate risk arises from movements in interest rates which could affect the Group's financial result and market values of its financial instruments. The Group is primarily exposed to fluctuations in interest rates on its financial liabilities at floating rates which may cause variations in the Group's financial result. The exposure is addressed through the management of the fixed/floating ratio of financial liabilities. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments based on notional amounts and agreed-upon fixed and floating interest rates.

Interest rate sensitivity

The Group's sensitivity analysis has been determined based on the interest rate exposure relating to the Group's financial liabilities at a variable rate on a post hedge basis as at December 31.

A 1 percentage point change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

At December 31, a ±1 percentage point shift in interest rates, with all other assumptions held constant, would result in approximately CHF 36 million (2012: 38) of annual additional/lower financial expenses before tax on a post hedge basis.

The Group's sensitivity to interest rates is lower than last year mainly due to the fact that the ratio of financial liabilities at variable rates to total financial liabilities has decreased from 45 percent to 44 percent.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

Currency risk

The Group operates internationally in around 70 countries and is therefore exposed to foreign currency risks.

The translation of foreign operations into the Group reporting currency leads to currency translation effects. The Group may hedge certain net investments in foreign entities with foreign currency borrowings or other instruments. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. To the extent that the net investment hedge is effective, all foreign exchange gains or losses are recognized in equity and included in currency translation adjustments.

Due to the local nature of the construction materials business, transaction risk is limited. However, for many Group companies, income will be primarily in local currency, whereas debt servicing and a significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, subsidiaries may enter into derivative contracts which are designated as either cash flow hedges or fair value hedges, as appropriate, but which do not include the hedging of forecasted transactions.

Currency sensitivity

The Group's sensitivity analysis has been determined based on the Group's net transaction exposure that arises on monetary financial assets and liabilities at December 31 that are denominated in a foreign currency other than the functional currency in which they are measured. The Group's net foreign currency transaction risk mainly arises from CHF, USD and EUR against the respective currencies the Group operates in.

A 5 percent change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates.

A ±5 percent change in the CHF, USD and EUR against the respective currencies the Group operates in would only have an immaterial impact on foreign exchange (loss) gains net on a post hedge basis in both the current and prior year.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

Capital structure

The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets, in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions, its business activities, the investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase debt or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of the ratio of funds from operations as a percentage of net financial debt and the ratio of net financial debt to EBITDA. The gearing, calculated as net financial debt divided by total shareholders' equity, is no longer used internally as a key figure for the monitoring of capital.

Funds from operations is calculated as net income plus depreciation, amortization and impairment as shown in the consolidated statement of income. Net financial debt is calculated as financial liabilities less cash and cash equivalents as shown in the consolidated statement of financial position.

The net financial debt to EBITDA ratio is used as an indicator of financial risk and shows how many years it would take the Group to pay back its debt.

During 2013, the Group's target, which remained the same as in 2012, was to maintain a ratio of funds from operations as a percentage of net financial debt of at least 25 percent and a net financial debt to EBITDA ratio of less than 2.8x.

	2013	**2012**[(1)]
	Million CHF	
Net income	1,596	1,002
Depreciation, amortization and impairment (note 10)	1,565	2,150
Funds from operations	3,161	3,152
Financial liabilities (note 29)	11,705	13,444
Cash and cash equivalents (note 18)	(2,244)	(3,119)
Net financial debt	9,461	10,325
Funds from operations/net financial debt	33.4%	30.5%

	2013	2012[1]
	Million CHF	
Net financial debt	9,461	10,325
EBITDA	4,332	4,352
Net financial debt/EBITDA	2.2	2.4

Note:

(1) Restated due to changes in accounting policies, see note 1.

Credit risk

Credit risks arise, among others, from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers.

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparty to be unable to fulfill their obligations under their respective financing agreements. At year end, Holcim has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position.

Accounting for derivative financial instruments and hedging activities

The Group mainly uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures relating to debt, as well as foreign exchange contracts to hedge firm commitments for the acquisition of certain property, plant and equipment.

The fair values of various derivative instruments are disclosed in note 31. Movements in the cash flow hedging reserve are shown in the statement of changes in consolidated equity of Group Holcim.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a firm commitment (cash flow hedge) or (d) a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the statement of income, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized outside the statement of income. Where the firm commitment results in the recognition of an asset, for example, property, plant and equipment, or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the statement of income and classified as revenue or expense in the same periods during which the cash flows, such as hedged firm commitments or interest payments, affect the statement of income.

Fair value estimation

The fair value of publicly traded financial instruments is generally based on quoted market prices at the end of the reporting period.

For non-publicly traded financial instruments, the fair value is determined by using a variety of methods, such as the discounted cash flow method and option pricing models. The valuation methods seek to maximize the use of observable market data existing at the end of the reporting period.

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

Fair values

	Carrying amount (by measurement basis)				
	Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison Fair value
			Million CHF		
2013					
Current financial assets					
Cash and cash equivalents	2,244			2,244	
Trade accounts receivable	2,121			2,121	
Other receivables	152			152	
Other current assets		1(1)	86(1)	87	
Derivative assets(3)			6	6	
Long-term financial assets					
Long-term receivables	314			314	316(4)
Financial investments third parties	35(2)	2(1)	89(1)	126	
Derivative assets(3)			96	96	
Current financial liabilities					
Trade accounts payable	1,934			1,934	
Current financial liabilities	2,920			2,920	
Derivative liabilities(3)			1	1	
Long-term financial liabilities					
Long-term financial liabilities	8,785			8,785	9,303(5)
Derivative liabilities(3)			0	0	

Notes:

(1) Available-for-sale.

(2) Financial investments measured at cost.

(3) Held for hedging.

(4) The comparison fair value for long-term receivables consists of CHF 4 million level 1 and CHF 312 million level 2 fair value measurements.

(5) The comparison fair value for long-term financial liabilities consists of CHF 7,416 million level 1 and CHF 1,887 million level 2 fair value measurements.

	Carrying amount (by measurement basis)				
	Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison Fair value
			Million CHF		
2012(1)					
Current financial assets					
Cash and cash equivalents	3,119			3,119	
Trade accounts receivable	2,361			2,361	
Other receivables	62			62	
Other current assets		1(1)	88(2)	89	
Derivative assets(4)			5	5	
Long-term financial assets					
Long-term receivables	288			288	308(5)
Other long-term assets			87(2)	87	
Financial investments third parties	55(3)	3(2)	99(2)	157	
Derivative assets(4)			106	106	
Current financial liabilities					
Trade accounts payable	2,146			2,146	
Current financial liabilities	3,522			3,522	
Derivative liabilities(4)			24	24	
Long-term financial liabilities					
Long-term financial liabilities	9,852			9,852	11,535(6)
Derivative liabilities(4)			47	47	

Notes:

(1) Restated due to changes in accounting policies, see note 1.

(2) Available-for-sale.

(3) Financial investments measured at cost.

(4) Held for hedging.

(5) The comparison fair value for long-term receivables consists of CHF 4 million level 1 and CHF 304 million level 2 fair value measurements.

(6) The comparison fair value for long-term financial liabilities consists of CHF 9,535 million level 1 and CHF 2,000 million level 2 fair value measurements.

The table shows the carrying amounts and fair values of financial assets and liabilities.

The levels of fair value hierarchy used are defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets.

Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of interest rate and currency

swaps is determined by discounting estimated future cash flows, and the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period.

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2013 and 2012, there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2013 and 2012.

Notes to the consolidated financial statements

1 Changes in accounting policies

IFRS 10, which replaced IAS 27 Consolidated and Separate Financial Statements, introduces a single consolidation model applicable to all investees. This model states that the investor consolidates an investee when it has control over the investee. The adoption of this new standard has not materially impacted the Group's financial statements.

IFRS 11, which replaced IAS 31 Interests in Joint Ventures, requires companies to classify joint arrangements as either a joint operation or as a joint venture, based on the rights and obligations arising from the arrangement. The standard also requires companies to apply the equity method of accounting for interests in joint ventures. As a consequence thereof, Holcim was unable to continue to apply the proportionate method of consolidation for such entities. This accounting policy change has been applied retrospectively, and its effect on the comparative information (restated amounts) presented for each financial statement line item is set out in the tables below.

IFRS 12 sets out the disclosure requirements for IFRS 10, IFRS 11 and IAS 28 (revised) and is disclosure related only.

IFRS 13 provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. The new standard does not change the IFRS as to when a company is required to use fair value. The adoption of this new standard does not materially impact the Group's financial statements.

IAS 1 (amended) requires companies to group items presented in other comprehensive earnings on the basis of whether they are potentially reclassifiable to profit or loss subsequently. As such, this amendment has only impacted the presentation of certain items in the Group's statement of comprehensive earnings.

The amendments to IAS 19 (revised) introduced several changes, the primary one being the elimination of the corridor method of deferred recognition. As a result, Group companies are now unable to defer actuarial gains and losses and subsequently amortize them to profit or loss, but instead are required to recognize such changes (remeasurements) immediately in other comprehensive earnings. No reclassifications of these amounts will be permitted in future periods. In addition, the expected return on plan assets has been removed and companies are instead required to calculate a net interest expense on the net defined benefit liability and recognize the resulting cost in the statement of income. Had the Group continued to apply the corridor method during 2013, this would not have resulted in the immediate recognition of remeasurements of CHF 217 million and the related deferred tax impact of CHF –48 million in other comprehensive earnings. Instead, the remeasurements would have been deferred and subsequently amortized to profit or loss. This accounting policy change has been applied retrospectively, and its effect on the comparative information (restated amounts) presented for each financial statement line item is set out in the tables below.

IAS 28 (revised) has been consequently revised to include joint ventures in its scope as a result of IFRS 11 which requires such entities to be equity accounted in accordance with IAS 28 (revised).

IFRIC 20 states that costs incurred to remove waste materials (overburden) to gain access to raw materials are recognized as an asset and depreciated over the expected life of the exposed area as a result of the stripping activity based on the unit-of-production method. Since Holcim applies such an accounting policy, IFRIC 20 has not impacted the Group's financial statements.

Improvements to IFRSs relate largely to clarification issues only. Therefore, the adoption of these amendments has not materially impacted the Group's financial statements.

Changes to consolidated statement of income of Group Holcim

	2012	**Impact from changes in accounting policies(1)**	**2012**
	Reported	**IFRS 11 and IAS 19R**	**Restated**
		Million CHF	
Net sales	**21,544**	**(385)**	**21,160**
Production cost of goods sold	(12,752)	223	(12,529)
Gross profit	**8,793**	**(162)**	**8,631**
Distribution and selling expenses	(5,501)	83	(5,418)
Administration expenses	(1,475)	11	(1,464)
Operating profit	**1,816**	**(67)**	**1,749**
Other income	207	1	208
Share of profit of associates and joint ventures	115	32	147
Financial income	233	(1)	232
Financial expenses	(786)	4	(782)
Net income before taxes	**1,585**	**(32)**	**1,552**
Income taxes	(558)	8	(550)
Net income	**1,026**	**(24)**	**1,002**
Attributable to:			
Shareholders of Holcim Ltd	622	(11)	610
Non-controlling interest	404	(13)	392
Earnings per share in CHF			
Earnings per share	1.92	(0.03)	1.89
Fully diluted earnings per share	1.92	(0.03)	1.89

Note:

(1) Of which the impact due to changes in IAS 19 Employee Benefits: Production cost of goods sold CHF –4 million; Distribution and selling expenses CHF –3 million; Administration expenses CHF –1 million; Income taxes CHF –3 million; Net income attributable to shareholders of Holcim Ltd CHF –11 million; Net income attributable to non-controlling interest CHF 1 million; Earnings per share CHF –0.03; Fully diluted earnings per share CHF –0.03.

Changes to consolidated statement of comprehensive earnings of Group Holcim

	2012	Impact from changes in accounting policies(1)	2012
	Reported	IFRS 11 and IAS 19R	Restated
		Million CHF	
Net income	**1,026**	**(24)**	**1,002**
Other comprehensive earnings			
Items that will be reclassified to the statement of income in future periods			
Currency translation effects			
Exchange differences on translation	(533)	3	(530)
Realized through statement of income	3		3
Tax effect	17	0	17
Available-for-sale financial assets			
Change in fair value	2	0	2
Realized through statement of income	(63)		(63)
Cash flow hedges			
Change in fair value	(15)	0	(15)
Realized through statement of income	3	0	3
Net investment hedges in subsidiaries			
Change in fair value	(1)	0	(1)
Tax effect			
Subtotal	**(586)**	**3**	**(584)**
Items that will not be reclassified to the statement of income in future periods			
Defined benefit plans			
Remeasurements and effect of asset ceiling	0	(83)	(83)
Tax effect	0	29	29
Subtotal	**0**	**(54)**	**(54)**
Total other comprehensive earnings	**(586)**	**(52)**	**(637)**
Total comprehensive earnings	**441**	**(76)**	**365**
Attributable to:			
Shareholders of Holcim Ltd	152	(56)	96
Non-controlling interest	289	(19)	270

Note:

(1) Of which the impact due to changes in IFRS 11 Joint Arrangements: Net Income CHF –13 million; Total comprehensive earnings attributable to non-controlling interest CHF –13 million.

Changes to consolidated statement of financial position of Group Holcim as of 31 December 2012

	31.12.2012	Impact from changes in accounting policies		31.12.2012
	Reported	**Joint Ventures (IFRS 11)**	**Employee Benefits (IAS 19R)**	**Restated**
		Million CHF		
Cash and cash equivalents	3,145	(26)	0	3,119
Accounts receivable	2,717	(36)	0	2,682
Inventories	2,042	(24)	0	2,018
Prepaid expenses and other current assets	404	(2)	0	401
Assets classified as held for sale	56	0	0	56
Total current assets	**8,363**	**(88)**	**0**	**8,275**
Long-term financial assets	557	(6)	0	551
Investments in associates and joint ventures	1,289	251	0	1,539
Property, plant and equipment	22,026	(235)	0	21,791
Intangible assets	8,258	(128)	0	8,131
Deferred tax assets	417	(8)	68	478
Other long-term assets	521	0	(88)	433
Total long-term assets	**33,068**	**(125)**	**(19)**	**32,922**
Total assets	**41,431**	**(214)**	**(19)**	**41,198**
Trade accounts payable	2,179(1)	(34)	0	2,146
Current financial liabilities	3,599	(53)	0	3,546
Current income tax liabilities	443	(1)	0	442
Other current liabilities	1,879	(11)	0	1,868
Short-term provisions	299	(1)	0	298
Total current liabilities	**8,399**	**(100)**	**0**	**8,299**
Long-term financial liabilities	9,908	(9)	0	9,899
Defined benefit obligations	305	(15)	612	902
Deferred tax liabilities	1,820	(11)	(107)	1,702
Long-term provisions	1,162	0	0	1,161
Total long-term liabilities	**13,195**	**(35)**	**504**	**13,665**
Total liabilities	**21,594**	**(135)**	**504**	**21,964**
Share capital	654	0	0	654
Capital surplus	8,573	0	0	8,573
Treasury shares	(114)	0	0	(114)

	31.12.2012	Impact from changes in accounting policies		31.12.2012
	Reported	**Joint Ventures (IFRS 11)**	**Employee Benefits (IAS 19R)**	**Restated**
		Million CHF		
Reserves	7,836	0	(512)	7,324
Total equity attributable to shareholders of Holcim Ltd	16,949	0	(512)	16,437
Non-controlling interest	2,889	(79)	(12)	2,797
Total shareholders' equity	**19,837**	**(79)**	**(524)**	**19,234**
Total liabilities and shareholders' equity	**41,431**	**(214)**	**(19)**	**41,198**

Note:

(1) Advance payments to the amount of CHF 137 million have been reclassified to other current liabilities, as this results in more appropriate disclosure.

Changes to consolidated statement of financial position of Group Holcim as of 1 January 2012

	1.1.2012	Impact from changes in accounting policies		1.1.2012
	Reported	Joint Ventures (IFRS 11)	Employee Benefits (IAS 19R)	Restated
		Million CHF		
Cash and cash equivalents	2,946	(28)	0	2,918
Accounts receivable	2,719	(32)	0	2,687
Inventories	2,086	(34)	0	2,052
Prepaid expenses and other current assets	386	(2)	0	384
Assets classified as held for sale	16	0	0	16
Total current assets	**8,154**	**(96)**	**0**	**8,058**
Long-term financial assets	561	(3)	0	559
Investments in associates and joint ventures	1,425	322(1)	0	1,747
Property, plant and equipment	22,933	(290)	0	22,643
Intangible assets	8,453	(154)	0	8,299
Deferred tax assets	490	(8)	54	536
Other long-term assets	539	(1)	(41)	497
Total long-term assets	**34,400**	**(133)**	**13**	**34,280**
Total assets	**42,554**	**(229)**	**13**	**42,338**
Trade accounts payable	2,396(2)	(36)	0	2,360
Current financial liabilities	2,820	(4)	0	2,816
Current income tax liabilities	418	(8)	0	410
Other current liabilities	1,818	(11)	0	1,807
Short-term provisions	242	(1)	0	241
Total current liabilities	**7,695**	**(60)**	**0**	**7,635**
Long-term financial liabilities	11,675	(64)	0	11,611
Defined benefit obligations	285	0	566	851
Deferred tax liabilities	2,061	(15)	(92)	1,954
Long-term provisions	1,181	(14)	0	1,167
Total long-term liabilities	**15,202**	**(93)**	**474**	**15,583**
Total liabilities	**22,897**	**(152)**	**474**	**23,219**
Share capital	654	0	0	654
Capital surplus	8,894	0	0	8,894
Treasury shares	(486)	0	0	(486)
Reserves	7,768	0	(453)	7,315
Total equity attributable to shareholders of Holcim Ltd	**16,830**	**0**	**(453)**	**16,377**

	1.1.2012	Impact from changes in accounting policies		1.1.2012
	Reported	**Joint Ventures (IFRS 11)**	**Employee Benefits (IAS 19R)**	**Restated**
		Million CHF		
Non-controlling interest..................................	2,827	(77)	(8)	2,742
Total shareholders' equity	**19,656**	**(77)**	**(461)**	**19,118**
Total liabilities and shareholders' equity.....	**42,554**	**(229)**	**13**	**42,338**

Notes:

(1) The investments in joint ventures amount to CHF 344 million. For the breakdown of assets and liabilities of joint ventures that have been aggregated into a single line investment balance as of January 1, 2012, see note 24.

(2) Advance payments to the amount of CHF 151 million have been reclassified to other current liabilities, as this results in more appropriate disclosure.

Changes to consolidated statement of cash flows of Group Holcim

	2012	Impact from changes in accounting policies[1]	2012
	Reported	IFRS 11 and IAS 19R	Restated
		Million CHF	
Net income before taxes	**1,585**	**(32)**	**1,552**
Other income	(207)	(1)	(208)
Share of profit of associates and joint ventures	(115)	(32)	(147)
Financial expenses net	553	(3)	551
Operating profit	**1,816**	**(67)**	**1,749**
Depreciation, amortization and impairment of operating assets	2,168	(28)	2,140
Other non-cash items	425	5	429
Change in net working capital	(554)	2	(552)
Cash generated from operations	**3,855**	**(89)**	**3,766**
Dividends received	69	29	98
Interest received	160	(1)	159
Interest paid	(711)	3	(707)
Income taxes paid	(663)	16	(646)
Other expenses	(29)	2	(27)
Cash flow from operating activities (A)	**2,682**	**(39)**	**2,643**
Purchase of property, plant and equipment	(1,740)	29	(1,711)
Disposal of property, plant and equipment	120	(2)	118
Acquisition of participation in Group companies	(2)	0	(1)
Disposal of participation in Group companies	239	(230)	8
Purchase of financial assets, intangible and other assets	(186)	5	(182)
Disposal of financial assets, intangible and other assets	334	237	571
Cash flow from investing activities (B)	**(1,235)**	**38**	**(1,197)**
Payout on ordinary shares	(325)	0	(325)
Dividends paid to non-controlling interest	(219)	12	(207)
Capital paid-in by non-controlling interest	16	0	16
Movement of treasury shares	293	0	293
Proceeds from current financial liabilities	7,314	(15)	7,299
Repayment of current financial liabilities	(7,183)	13	(7,170)
Proceeds from long-term financial liabilities	5,209	(7)	5,202

	2012	Impact from changes in accounting policies[1]	2012
	Reported	IFRS 11 and IAS 19R	Restated
		Million CHF	
Repayment of long-term financial liabilities	(6,169)	1	(6,168)
Increase in participation in existing Group companies	(66)	0	(66)
Decrease in participation in existing Group companies	0	0	0
Cash flow from financing activities (C)	**(1,130)**	**3**	**(1,127)**
Increase in cash and cash equivalents (A + B + C)	**317**	**2**	**320**
Cash and cash equivalents as at January 1 (net)	**2,497**	**(28)**	**2,468**
Increase in cash and cash equivalents	317	2	320
Currency translation effects	(78)	0	(78)
Cash and cash equivalents as at December 31 (net)	**2,737**	**(26)**	**2,711**

Note:

(1) Of which the impact due to changes in IAS 19 Employee Benefits: Net income before taxes CHF –8 million; Other non-cash items CHF 8 million.

Changes to consolidated statement of cash flows of Group Holcim

	Reported	Impact from changes in accounting policies		Restated
		Joint Ventures (IFRS 11)	Employee Benefits (IAS 19R)	
		Million CHF		
Total equity attributable to shareholders of Holcim Ltd as at January 1, 2012	16,830	0	(453)[(1)]	16,377
Net income	622	0	(11)	610
Other comprehensive earnings	(470)	0	(45)	(515)
Total comprehensive earnings	152	0	(56)	96
Change in participation in existing Group companies	(18)	1	(2)	(20)
Total equity attributable to shareholders of Holcim Ltd as at December 31, 2012	16,949	0	(512)	16,437
Non-controlling interest as at January 1, 2012	2,827	(78)	(8)	2,742
Net income	404	(13)	1	392
Other comprehensive earnings	(115)	0	(6)	(122)
Total comprehensive earnings	289	(13)	(6)	270
Payout	(218)	12	0	(206)
Change in participation in existing Group companies	(26)	0	1	(24)
Non-controlling interest as at December 31, 2012	2,889	(79)	(12)	2,797

Note:

(1) Retained earnings.

2 Changes in the scope of consolidation

On March 28, 2013, Holcim disposed of a 25 percent equity interest in Cement Australia to HeidelbergCement, and retained a 50 percent equity interest in that company. This resulted in a net gain on disposal of AUD 151 million (CHF 136 million) based on net book values (included in “Other income”). This transaction resulted in Holcim losing control of Cement Australia and obtaining joint control over that entity. According to IFRS 11 Joint Arrangements, it has been classified as a joint operation.

During 2013 and 2012, there were no business combinations that were either individually material or that were considered material on an aggregated basis.

An overview of the subsidiaries, joint ventures and associated companies is included in the section “Principal companies of the Holcim Group” on pages 243 to 245.

3 Principal exchange rates

The following table summarizes the principal exchange rates that have been used for translation purposes.

		Statement of income		Statement of financial position	
		Average exchange rates in CHF		Year-end exchange rates in CHF	
		2013	2012	31.12.2013	31.12.2012
1 Euro	EUR	1.23	1.21	1.23	1.21
1 US Dollar	USD	0.93	0.94	0.89	0.92
1 British Pound	GBP	1.45	1.48	1.47	1.48
1 Australian Dollar	AUD	0.90	0.97	0.79	0.95
100 Brazilian Real	BRL	43.13	48.06	37.67	44.76
1 Canadian Dollar	CAD	0.90	0.94	0.84	0.92
1,000 Indonesian Rupiah	IDR	0.09	0.10	0.07	0.09
100 Indian Rupee	INR	1.59	1.75	1.44	1.67
100 Moroccan Dirham	MAD	11.02	10.86	10.90	10.82
100 Mexican Peso	MXN	7.27	7.11	6.81	7.05

4 Information by reportable segment

	Asia Pacific		Latin America		Europe		North America		Africa Middle east		Corporate/ Eliminations		Total Group	
	2013	2012[1]	2013	2012[1]	2013	2012[1]	2013	2012[1]	2013	2012[1]	2013	2012[1]	2013	2012[1]
Capacity and sales														
Million t														
Annual cement production capacity	90.3	91.9	35.3	35.5	47.7	49.2	22.0	22.0	11.0	10.7			206.2	209.3
Sales of cement	70.3	72.9	25.0	24.9	26.7	26.3	11.7	12.0	7.9	8.4	(2.6)	(2.1)	138.9	142.3
– of which mature markets	3.0	4.7			15.0	15.2	11.7	12.0			(1.2)	(1.0)	28.4	30.9
– of which emerging markets	67.3	68.2	25.0	24.9	11.7	11.1			7.9	8.4	(1.4)	(1.1)	110.4	111.4
Sales of mineral components	0.7	1.1			2.1	2.3	1.3	1.4					4.1	4.8
Sales of aggregates	25.2	26.3	10.2	14.0	74.1	74.3	42.8	41.3	2.2	2.3			154.5	158.2
– of which mature markets	22.8	23.9			65.3	64.8	42.8	41.3					130.9	130.0
– of which emerging markets	2.4	2.4	10.2	14.0	8.8	9.5			2.2	2.3			23.5	28.2
Sales of asphalt					4.9	4.6	4.1	4.5					8.9	9.1
Million m[3]														
Sales of ready-mix concrete	10.9	11.2	8.0	10.2	12.3	14.7	7.5	8.1	0.8	1.1			39.5	45.3
– of which mature markets	4.8	5.2			10.6	12.9	7.5	8.1					22.9	26.3
– of which emerging markets	6.1	6.0	8.0	10.2	1.7	1.8			0.8	1.1			16.5	19.0
Statement of income. statement of financial position and statement of cash flows														
Million CHF														

	Asia Pacific		Latin America		Europe		North America		Africa Middle east		Corporate/ Eliminations		Total Group	
	2013	**2012[1]**	**2013**	**2012[1]**	**2013**	**2012[1]**	**2013**	**2012[1]**	**2013**	**2012[1]**	**2013**	**2012[1]**	**2013**	**2012[1]**
Net sales to external customers	7,210	8,288	3,198	3,328	5,282	5,320	3,171	3,276	857	947			19,719	21,160
Net sales to other segments	72	54	150	162	329	489			27		(578)	(705)		
Total net sales	7,282	8,343	3,349	3,490	5,611	5,809	3,171	3,276	884	947	(578)	(705)	19,719	21,160
– of which mature markets	2,043	2,613			4,423	4,643	3,171	3,276			(276)	(335)	9,360	10,198
– of which emerging markets	5,240	5,729	3,349	3,490	1,188	1,166			884	947	(302)	(370)	10,358	10,962
Operating EBITDA	1,473	1,789	938	960	946	615	494	480	283	279	(238)	(234)	3,896	3,889
Operating EBITDA margin in %	20.2	21.4	28.0	27.5	16.9	10.6	15.6	14.6	32.0	29.5			19.8	18.4
Depreciation, amortization and impairment of operating assets	(442)	(516)	(216)	(251)	(510)	(987)	(295)	(316)	(67)	(59)	(8)	(11)	(1,538)	(2,140)
Operating profit (loss)	1,030	1,273	722	709	436	(372)	199	164	216	220	(247)	(245)	2,357	1,749
– of which mature markets	176	235			295	(462)	199	164			(120)	(119)	549	(183)
– of which emerging markets	854	1 038	722	709	141	90			216	220	(126)	(126)	1,808	1,932
Operating profit (loss) margin in %	14.1	15.3	21.6	20.3	7.8	(6.4)	6.3	5.0	24.5	23.2			12.0	8.3
Depreciation, amortization and impairment of non-operating assets	(6)	(1)	0	0	(1)	(1)	(1)	(5)			0	(3)	(8)	(10)
Other (expenses) income	(85)	(53)	(143)	(145)	(138)	(35)	(66)	(29)	7	(18)	629	487	204	208
Share of profit of associates and joint ventures	8	3	0	(2)	5	23			0	0	149	123	161	147
Other financial income	7	18	3	8	8	18	3	1	0	0	43	54	63	100
EBITDA	1,408	1,758	798	821	822	623	431	457	290	261	583	433	4,332	4,352
Investments in associates and joint ventures	65	51	1	8	263	240			2	2	1,231	1,238	1,562	1,539
Net operating assets	6,540	8,249	3,331	3,647	8,112	8,259	5,940	6,274	783	785	7	(128)	24,712	27,087
Total assets	11,111	13,143	5,083	5,080	13,479	13,843	6,947	7,527	1,339	1,434	(14)	171	37,944	41,198
Total liabilities	3,026	3,790	3,208	2,960	6,511	6,851	3,851	4,380	610	720	2,061[5]	3,262[5]	19,267	21,964
Cash flow from operating activities	1,179	1,385	478	517	502	421	249	118	183	158	197	44	2,787	2,643
Cash flow margin in %	16,2	16,6	14,3	14,8	8,9	7,3	7,8	3,6	20,7	16,7			14,1	12,5
Acquisition cost segment assets[2]	924	721	636	312	470	501	140	111	46	81	11	8	2,227	1,734
Cash flow from investing activities[3]	(790)	(575)	(605)	(311)	(403)	(468)	(98)	(112)	(6)	(82)	237	350	(1,665)	(1,197)
Impairment loss[4]	(17)	(5)	(7)	(35)	(16)	(444)	(3)	(10)	(10)		(16)	(2)	(69)	(495)
Personnel														
Number of personnel	34,080	36,523	11,181	11,765	15,868	17,924	6,791	7,136	2,128	2,153	809	858	70,857	76,359

Notes:

(1) Restated due to changes in accounting policies, see note 1.

(2) Property, plant and equipment and intangible assets.

(3) Net investments in property, plant and equipment, Group companies, financial assets, intangible and other assets.

(4) Included in depreciation, amortization and impairment of operating and non-operating assets respectively.

(5) The amount of CHF 2,061 million (2012: 3,262) consists of borrowings by Corporate from third parties amounting to CHF 11,493 million (2012: 12,651) and eliminations for cash transferred to regions of CHF 9,433 million (2012: 9,389).

Reconciling measures of profit and loss to the consolidated statement of income of Group Holcim

	Notes	2013	2012[(1)]
		Million CHF	
Operating profit		**2,357**	**1,749**
Depreciation, amortization and impairment of operating assets	10	1,538	2,140
Operating EBITDA		**3,896**	**3,889**
Dividends earned	12	4	1
Other ordinary income	12	208	217
Share of profit of associates and joint ventures	24	161	147
Other financial income	13	63	100
EBITDA		**4,332**	**4,352**
Depreciation, amortization and impairment of operating assets	10	(1,538)	(2,140)
Depreciation, amortization and impairment of non-operating assets	12	(8)	(10)
Interest earned on cash and marketable securities	13	120	132
Financial expenses	14	(777)	(782)
Net income before taxes		**2,128**	**1,552**

Note:

(1) Restated due to changes in accounting policies, see note 1.

5 Information by product line

	Cement[1]		Aggregates		Other construction materials and services		Corporate/ Eliminations		Total Group	
	2013	2012[2]	2013	2012[2]	2013	2012[2]	2013	2012[2]	2013	2012[2]
					Million CHF					
Statement of income, statement of financial position and statement of cash flows										
Net sales to external customers	11,884	12,620	1,585	1,616	6,249	6,924			19,719	21,160
Net sales to other segments	1,055	1,267	842	925	562	721	(2,460)	(2,913)		
Total net sales	12,939	13,887	2,428	2,541	6,812	7,645	(2,460)	(2,913)	19,719	21,160
of which Asia Pacific	5,497	6,361	647	747	1,641	1,902	(503)	(668)	7,282	8,343
of which Latin America	2,747	2,787	85	109	822	963	(305)	(369)	3,349	3,490
of which Europe	2,618	2,633	1,189	1,167	2,545	2,810	(742)	(801)	5,611	5,809
of which North America	1,369	1,383	478	475	1,694	1,798	(369)	(379)	3,171	3,276
of which Africa Middle East	807	849	26	27	84	111	(33)	(39)	884	947
of which Corporate/ Eliminations	(99)	(125)	2	15	26	61	(507)	(656)	(578)	(705)
Operating profit (loss)	2,236	2,012	188	(18)	(67)	(245)			2,357	1,749
of which Asia Pacific	915	1,176	95	90	21	7			1,030	1,273
of which Latin America	697	710	11	12	14	(13)			722	709
of which Europe	414	(47)	83	(105)	(61)	(219)			436	(372)
of which North America	171	160	34	16	(6)	(12)			199	164
of which Africa Middle East	221	220	1	2	(6)	(2)			216	220
of which Corporate/ Eliminations	(182)	(206)	(36)	(33)	(29)	(5)			(247)	(245)
Operating profit (loss) margin in %	17.3	14.5	7.8	(0.7)	(1.0)	(3.2)			12.0	8.3
Net operating assets	16,641	18,247	4,848	5,272	3,222	3,568			24,712	27,087
Acquisition cost segment assets[3]	1,756	1,271	227	231	240	220	3	12	2,227	1,734
Cash flow from investing activities[4]	(1,708)	(1,138)	(157)	(200)	(113)	(190)	313	331	(1,665)	(1,197)
Personnel										
Number of personnel	47,179	50,293	5,812	6,379	17,376	19,421	490	266	70,857	76,359

Notes:

(1) Cement, clinker and other cementitious materials.

(2) Restated due to changes in accounting policies, see note 1.

(3) Property, plant and equipment and intangible assets.

(4) Net investments in property, plant and equipment, Group companies, financial assets, intangible and other assets.

6 Information by country

	Net sales to external customers		Non-current assets	
	2013	2012[(1)]	2013	2012[(1)]
	Million CHF			
Switzerland	697	702	980	988
India	3,187	3,656	3,762	4,264
USA	1,923	1,959	5,155	5,489
Australia	1,890	2,447	1,767	2,501
United Kingdom	1,720	1,739	2,283	2,472
Remaining countries	10,302	10,657	13,568	14,209
Total Group	**19,719**	**21,160**	**27,515**	**29,922**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Net sales to external customers are based primarily on the location of assets (origin of sales).

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

7 Change in net sales

	2013	2012[(1)]
	Million CHF	
Volume and price	49	791
Change in structure	(692)	(18)
Currency translation effects	(798)	(44)
Total	**(1,441)**	**729**

Note:

(1) Restated due to changes in accounting policies, see note 1.

8 Production cost of goods sold

	2013	2012[1]
	Million CHF	
Material expenses	(3,291)	(3,558)
Fuel expenses	(1,198)	(1,425)
Electricity expenses	(899)	(951)
Personnel expenses	(1,635)	(1,789)
Depreciation, amortization and impairment	(1,279)	(1,805)
Other production expenses	(2,692)	(3,104)
Change in inventory	(93)	103
Total	**(11,087)**	**(12,529)**

Note:

(1) Restated due to changes in accounting policies, see note 1.

9 Distribution and selling expenses

	2013	2012[1]
	Million CHF	
Distribution expenses	(4,406)	(4,771)
Selling expenses	(614)	(647)
Total	**(5,021)**	**(5,418)**

Note:

(1) Restated due to changes in accounting policies, see note 1.

10 Summary of depreciation, amortization and impairment

	2013	2012[1]
	Million CHF	
Production facilities	(1,279)	(1,805)
Distribution and sales facilities	(185)	(246)
Administration facilities	(75)	(89)
Total depreciation, amortization and impairment of operating assets (A)	**(1,538)**	**(2,140)**
Impairment of long-term financial assets	(19)	0
Impairment of investments in associates and joint ventures	(2)	(2)
Ordinary depreciation of non-operating assets	(3)	(3)
Unusual write-offs	(3)	(5)
Total depreciation, amortization and impairment of non-operating assets (B)	**(27)**	**(10)**
Total depreciation, amortization and impairment (A + B)	**(1,565)**	**(2,150)**
Of which depreciation of property, plant and equipment	(1,420)	(1,574)

Note:

(1) Restated due to changes in accounting policies, see note 1.

11 Change in operating profit

	2013	2012[1]
	Million CHF	
Volume, price and cost	764	(105)
Change in structure	(43)	(17)
Currency translation effects	(112)	(5)
Total	**608**	**(127)**

Note:

(1) Restated due to changes in accounting policies, see note 1.

12 Other income

	2013	2012[1]
	Million CHF	
Dividends earned	4	1
Other ordinary income	208	217
Depreciation, amortization and impairment of non-operating assets	(8)	(10)
Total	**204**	**208**

Note:

(1) Restated due to changes in accounting policies, see note 1.

The position "Other ordinary income" includes a net gain on the disposal of 25 percent equity interest in Cement Australia of AUD 151 million (CHF 136 million). Additional information is disclosed in note 2.

The remaining amount of the position "Other ordinary income" relates primarily to gains on disposal of property, plant and equipment.

In December 2012, Holcim reduced its shareholding in Siam City Cement Public Company Limited from 36.8 percent to 27.5 percent, while still maintaining joint control over the company. The pre-tax gain on the sale amounted to CHF 153 million and is included in "Other ordinary income". Total cash proceeds received amounted to CHF 237 million, which is included in "Disposal of financial assets, intangible and other assets" in the consolidated statement of cash flows.

13 Financial income

	2013	2012[1]
	Million CHF	
Interest earned on cash and marketable securities	120	132
Other financial income	63	100
Total	**183**	**232**

Note:

(1) Restated due to changes in accounting policies, see note 1.

In 2013 the position "Other financial income" includes the partial realization of the change in fair value of the compensation related to the nationalization of Holcim Venezuela in the amount of USD 61 million (CHF 57 million), respectively USD 61 million (CHF 58 million) in 2012. Additional information is disclosed in note 27.

The remaining amounts in both years relate primarily to income from loans and receivables.

14 Financial expenses

	2013	2012[1]
	Million CHF	
Interest expenses	(616)	(649)
Amortization on bonds and private placements	(13)	(12)
Unwinding of discount on provisions	(19)	(31)
Other financial expenses	(68)	(95)
Foreign exchange loss net	(98)	(24)
Financial expenses capitalized	38	29
Total	**(777)**	**(782)**

Note:

(1) Restated due to changes in accounting policies, see note 1.

The weighted average nominal interest rate of financial liabilities at December 31, 2013, was 4.6 percent (2012: 4.5).

The positions "Interest expenses" and "Other financial expenses" relate primarily to financial liabilities measured at amortized cost.

The position "Financial expenses capitalized" comprises interest expenditures on large-scale projects during the reporting period.

Information about the Group's exposure to the risk of changes in market interest rates and foreign currency exchange rates is disclosed within the section "Risk management" on page 179.

15 Income taxes

	2013	2012[1]
	Million CHF	
Current taxes	(798)	(683)
Deferred taxes	266	133
Total	**(533)**	**(550)**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Current taxes include an expense of CHF 148 million (2012: –19) in respect of prior years, which largely relates to Holcim Mexico as a result of changes in tax rules.

	2013	2012[1]
	Million CHF	
Deferred tax by type		
Property, plant and equipment	24	(37)
Intangible and other long-term assets	(30)	10
Provisions	5	46
Tax losses carryforward	**301**	**77**
Other	(33)	37
Total	**266**	**133**

	2013	2012[1]
Reconciliation of tax rate		
Group's expected tax rate	**30%**	**31%**
Effect of non-deductible items	2%	5%
Effect of non-taxable items and income taxed at different tax rates	(4%)	(7%)
Effect on deferred tax balance due to changed tax rate	0%	(1%)
Net change of unrecognized tax losses carryforward	(6%)	10%
Prior year taxes	7%	(1%)
Other items	(3%)	(1%)
Group's effective tax rate	**25%**	**35%**

Note:

(1) Restated due to changes in accounting policies, see note 1.

The Group's expected tax rate is a weighted average tax rate based on profits (losses) before taxes of Group companies.

As noted above, the changes in tax rules in Mexico largely resulted in the increase in prior year taxes and in the net change of unrecognized tax losses carryforward.

16 Research and development

Research and development projects are carried out with a view to generate added value for customers through end user oriented products and services. Additionally, process innovation aims at environmental protection and production system improvements. Research and development costs of CHF 74 million (2012: 61) were charged directly to the consolidated statement of income. No significant costs were incurred for licenses obtained from third parties, nor was any major revenue generated from licenses granted.

17 Earnings per share

	2013	2012[1]
	Million CHF	
Earnings per share in CHF	**3.91**	**1.89**
Net income – shareholders of Holcim Ltd – as per statement of income (in million CHF)	1,272	610
Weighted average number of shares outstanding	325,492,506	323,849,497
Fully diluted earnings per share in CHF	**3.91**	**1.89**
Net income used to determine diluted earnings per share (in million CHF)	1,272	610
Weighted average number of shares outstanding	325,492,506	323,849,497
Adjustment for assumed exercise of share options	141,343	103,043
Weighted average number of shares for diluted earnings per share	325,633,849	323,952,540

Note:

(1) Restated due to changes in accounting policies, see note 1.

In conformity with the decision taken at the annual general meeting on April 17, 2013, a cash payment out of the capital contribution reserves related to 2012 of CHF 1.15 per registered share has been paid. This resulted in a total payout of CHF 374 million.

A cash payment out of the capital contribution reserves in respect of the financial year 2013 of CHF 1.30 per registered share, amounting to a maximum payment of CHF 425 million, is to be proposed at the annual general meeting of shareholders on April 29, 2014. These consolidated financial statements do not reflect this cash payment, since it will be effective in 2014 only.

18 Cash and cash equivalents

	2013	2012[1]
	Million CHF	
Cash at banks and on hand	615	879
Short-term deposits	1,629	2,240
Total	**2,244**	**3,119**
Bank overdrafts	(251)	(408)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**1,993**	**2,711**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Cash and cash equivalents comprise cash at banks, and on hand, deposits held on call with banks and other short-term highly liquid investments.

Bank overdrafts are included in current financial liabilities.

19 Accounts receivable

	2013	2012[1]
	Million CHF	
Trade accounts receivable – associates and joint ventures	91	78
Trade accounts receivable – third parties	2,031	2,283
Other receivables – associates and joint ventures	50	10
Other receivables – third parties	343	306
Derivative assets	6	5
Total	**2,521**	**2,682**
Of which pledged/restricted	42	9

	2013	2012[1]
	Million CHF	
Overdue accounts receivable		
Not overdue	2,064	2,104
Overdue 1 to 89 days	316	412
Overdue 90 to 180 days	83	122
Overdue more than 180 days	221	215
./. Allowances for doubtful accounts	(163)	(171)
Total	**2,521**	**2,682**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Due to the local nature of the business, specific terms and conditions for accounts receivable trade exist for local Group companies and as such Group guidelines are not required.

The overdue amounts relate to receivables where payment terms specified in the terms and conditions established with Holcim customers have been exceeded.

	2013	2012[1]
	Million CHF	
Allowance for doubtful accounts		
January 1	**(171)**	**(160)**
Change in structure	0	(2)
Allowance recognized	(25)	(33)
Amounts used	5	9
Unused amounts reversed	1	0
Currency translation effects	27	14
December 31	**(163)**	**(171)**

Note:

(1) Restated due to changes in accounting policies, see note 1.

20 Inventories

	2013	2012[1]
	Million CHF	
Raw materials and additives	245	277
Semi finished and finished products	845	1,019
Fuels	229	262
Parts and supplies	354	431
Unbilled services	30	30
Total	**1,704**	**2,018**

Note:

(1) Restated due to changes in accounting policies, see note 1.

In 2013, the Group recognized inventory write-downs to net realizable value of CHF 3 million (2012: 13).

21 Prepaid expenses and other current assets

This position includes a discounted installment of USD 96 million (CHF 86 million), relating to a compensation receivable from the Bolivarian Republic of Venezuela. In 2012, this amounted to USD 96 million (CHF 88 million). Additional information is disclosed in note 27.

22 Assets and related liabilities classified as held for sale

	2013	2012
	Million CHF	
Cash and cash equivalents	0	0
Other current assets	88	0
Property, plant and equipment	464	48
Intangible assets	64	0
Other long-term assets	141	8
Assets classified as held for sale	**756**	**56**
Short-term liabilities	115	0
Long-term provisions	92	0
Other long-term liabilities	6	0
Liabilities directly associated with assets classified as held for sale	**213**	**0**
Net assets classified as held for sale	**543**	**56**

In third quarter 2013, Holcim signed a Memorandum of Understanding with Cemex as detailed below.

In Spain, Holcim and Cemex will combine their operations in cement, ready-mix and aggregates where Holcim will hold a shareholding of 25 percent of the combined entity. This combination will enable the Group to add value to its Spanish business and to benefit from synergies in the supply chain.

In Germany Holcim will purchase a cement plant, two grinding stations and one slag granulator as well as various aggregates locations and ready-mix plants from Cemex in the western part of the country which will be combined with Holcim's existing Northern German operations.

This will allow the Group to better connect its operations in Northern Germany and also in France Benelux and is expected to yield synergies in the supply chain. As consideration for the above, Cemex will buy Holcim (Česko) a.s. which is involved in the cement, aggregates and ready-mix businesses.

Closure of the transaction is subject to due diligence and to regulatory approval. At this moment, Holcim anticipates that the competition authorities' decision will be communicated during the course of 2014.

The assets and liabilities of the operations in Spain and Czech Republic were classified as held for sale in the third quarter 2013.

23 Long-term financial assets

	2013	2012(1)
	Million CHF	
Financial investments – third parties	126	157
Long-term receivables – associates and joint ventures	198	197
Long-term receivables – third parties	116	91
Derivative assets	96	106
Total	**536**	**551**
Of which pledged/restricted	6	6

Note:

(1) Restated due to changes in accounting policies, see note 1.

Long-term receivables and derivative assets are primarily denominated in USD and CHF. The repayment dates vary between one and 26 years.

24 Investments in associates and joint ventures

	2013	2012(1)
	Million CHF	
Investments in associates	1,232	1,269
Investments in joint ventures	330	270
Total	**1,562**	**1,539**

Movement in investments in associates

	2013	2012[1]
	Million CHF	
January 1	**1,269**	**1,402**
Share of profit of associates	117	110
Dividends earned	(98)	(65)
Net disposals	(7)	(135)
Reclassifications	(29)	(2)
Impairments	(2)	(2)
Currency translation effects	(18)	(39)
December 31	**1,232**	**1,269**

Investments in associates

	30.9.2013	31.12.2012[1]
	Million CHF	
Huaxin Cement	689	643
Other associates	509	626
Total	**1,198**	**1,269**

Note:

(1) Restated due to changes in accounting policies, see note 1.

The disclosed amounts for the investments in associates are as of September 30, 2013 and include only the first nine months. This is due to the fact that Huaxin Cement, a material associate of the Group, is a publicly listed company in China and has not yet published its financial statements for the year 2013.

Huaxin Cement

Huaxin Cement is Holcim's strategic partner in China.

As of December 31, 2013, the Group holds 41.9% (2012: 41.9%) of the voting rights in the associate company Huaxin Cement.

The fair value of Huaxin Cement based on a quoted market price on December 31, 2013 amounted to CHF 1,521 million (2012: 1,830).

Set out below is the summarized financial information for the material associate company Huaxin Cement, which is accounted for using the equity method. The summarized financial information presented below are the amounts included in the IFRS financial statements of Huaxin Cement as at September 30, 2013 and as at December 31, 2012. As of September 30, 2013, dividends of CHF 11 million (December 31, 2012: 9) were received from Huaxin Cement.

Huaxin Cement – Statement of financial position

	30.9.2013	31.12.2012[1]
	Million CHF	
Current assets	886	884
Long-term assets	2,891	2,577
Total assets	**3,777**	**3,461**
Current liabilities	1,290	1,195
Long-term liabilities	1,033	964
Total liabilities	**2,323**	**2,159**
Net assets	**1,454**	**1,302**
Shareholders' equity (excluding non-controlling interests)	**1,293**	**1,189**

Huaxin Cement – Statement of comprehensive earnings

	Jan-Sept 2013	Jan-Dec 2012
	Million CHF	
Net sales	**1,613**	**1,869**
Net income	**133**	**109**
Other comprehensive earnings	(1)	0
Total comprehensive earnings	**132**	**109**

A reconciliation of the summarized financial information to the carrying amount of the investment in Huaxin Cement is as follows:

Huaxin Cement

	30.9.2013	31.12.2012
	Million CHF	
Group share of 41.9% (2012: 41.9%) of net assets excluding non-controlling interests	542	498
Goodwill	148	145
Total	**689**	**643**

The Group has additional interests in associates none of which is considered as individually material. The following table summarizes, in aggregate, the financial information of all individually immaterial associates that are accounted for using the equity method:

Aggregated financial information of Holcim's share in other associates

	30.9.2013	31.12.2012
	Million CHF	
Carrying amount of investments in other associates	**509**	**626**
Net income	14	64
Other comprehensive earnings	0	0
Total comprehensive earnings	**14**	**64**

The unrecognized share of losses of associates amounts to zero (2012: 0). The accumulated unrecognized share of losses of those associates amounts to zero (2012: 1).

Movement in investments in joint ventures

	2013	2012
	Million CHF	
January 1	**270**	**344**
Share of profit of joint ventures	43	37
Dividends earned	(30)	(32)
Net additions (disposals)	2	(80)
Reclassifications	75	0
Impairments	0	0
Currency translation effects	(29)	2
December 31	**330**	**270**

The Group has no interests in joint ventures that are regarded as individually material.

The following table summarizes, in aggregate, the financial information of all individually immaterial joint ventures that are accounted for using the equity method:

Aggregated financial information of Holcim's share in joint ventures

	2013	2012
	Million CHF	
Carrying amount of investments in joint ventures	**330**	**270**
Net income	43	37
Other comprehensive earnings	0	0
Total comprehensive earnings	**43**	**37**

There are no unrecognized shares of losses, either for the current reporting period or cumulatively, relating to the above joint ventures.

The following table presents a breakdown of assets and liabilities of joint ventures that have been aggregated into a single line investment balance as of January 1, 2012:

Statement of financial position

	01.01.2012
	Million CHF
Current assets	99
Long-term assets	479
Total assets	**578**
Current liabilities	63
Long-term liabilities	93
Total liabilities	**156**
Aggregated into the line investments in associates and joint ventures[1]	**344**

Note:

(1) Excluding non-controlling interest of CHF 77 million.

Joint operation

Company	Principal place of business	Ownership interest
Cement Australia	Australia	50%

Cement Australia is a strategic partner of the Group by mainly supplying Holcim Australia with cement.

On March 28, 2013 the Group disposed of a 25 percent equity interest in Cement Australia to Heidelberg Cement and retained a 50 percent equity interest in that company. This transaction resulted in Holcim losing control of Cement Australia and obtaining joint control over that entity. According to IFRS 11 Joint Arrangements it has been classified as a joint operation.

25 Property, plant and equipment

	Land	Buildings, installations	Machines	Furniture, vehicles, tools	Construction in progress	Total
			Million CHF			
2013						
Net book value as at January 1	**4,834**	**5,377**	**8,635**	**1,131**	**1,815**	**21,791**
Change in structure	(100)	(104)	(163)	(26)	(48)	(442)
Reclassification of assets classified as held for sale	(77)	(226)	(132)	(17)	(12)	(464)
Additions	29	10	44	17	2,147	2,247
Disposals	(55)	(19)	(23)	(17)	(2)	(115)
Reclassifications	69	285	595	185	(1,127)	6
Depreciation	(108)	(304)	(793)	(216)	0	(1,420)
Impairment loss (charged to statement of income)	(3)	(16)	(11)	0	(10)	(40)
Currency translation effects	(249)	(310)	(563)	(100)	(311)	(1,533)
Net book value as at December 31	**4,341**	**4,692**	**7,588**	**958**	**2,451**	**20,029**
At cost of acquisition	5,522	8,299	16,879	3,022	2,543	36,265
Accumulated depreciation/impairment	(1,181)	(3,607)	(9,291)	(2,065)	(92)	(16,236)
Net book value as at December 31	**4,341**	**4,692**	**7,588**	**958**	**2,451**	**20,029**
Net asset value of leased property, plant and equipment	0	44	34	51	0	128
Of which pledged/restricted						19
2012[(1)]						
Net book value as at January 1	**5,059**	**5,251**	**8,897**	**1,261**	**2,174**	**22,643**
Change in structure	0	0	(7)	(2)	(1)	(10)
Additions	30	17	53	41	1,605	1,745
Disposals	(28)	(16)	(15)	(23)	(1)	(83)
Reclassifications	83	710	950	131	(1,906)	(32)
Depreciation	(128)	(329)	(863)	(253)	0	(1,574)
Impairment loss (charged to statement of income)	(116)	(143)	(181)	(7)	(11)	(459)
Currency translation effects	(65)	(114)	(198)	(16)	(46)	(438)
Net book value as at December 31	**4,834**	**5,377**	**8,635**	**1,131**	**1,815**	**21,791**
At cost of acquisition	6,139	9,811	18,720	3,410	1,902	39,982
Accumulated depreciation/impairment	(1,305)	(4,435)	(10,086)	(2,278)	(87)	(18,190)
Net book value as at December 31	**4,834**	**5,377**	**8,635**	**1,131**	**1,815**	**21,791**
Net asset value of leased property, plant and equipment	0	47	17	65	0	130
Of which pledged/restricted						39

Note:

(1) Restated due to changes in accounting policies, see note 1.

At December 31, 2013, the fire insurance value of property, plant and equipment amounted to CHF 30,942 million (2012: 34,668). Net gains on sale of property, plant and equipment amounted to CHF 90 million (2012: 36).

In 2013, the impairment loss related mainly to Group region Europe (CHF 11 million in the United Kingdom) and the Group region Africa Middle East (CHF 10 million).

In 2012, the impairment loss related mainly to Group region Europe (CHF 424 million of which CHF 397 million was recognized in the fourth quarter). The main countries affected were Spain and Italy (CHF 192 million and CHF 117 million, respectively, largely due to asset footprint adjustments in cement and aggregates) and certain countries in Eastern Europe (CHF 44 million).

In both years, the impairment losses were a consequence of the decrease in demand for construction material in the respective regions and were largely included in production cost of goods sold in the statement of income.

Included in land, buildings and installations is investment property with a net book value of CHF 69 million (2012: 75). The fair value of this investment property amounted to CHF 69 million (2012: 76). Rental income related to investment property amounted to CHF 2 million (2012: 3).

26 Intangible assets

	Goodwill	Other intangible assets	Total
		Million CHF	
2013			
Net book value as at January 1	**7,386**	**745**	**8,131**
Change in structure	(44)	(13)	(57)
Reclassification of assets classified as held for sale	(50)	(15)	(64)
Additions	0	23	23
Disposals	0	0	0
Amortization	0	(76)	(76)
Impairment loss (charged to statement of income)	(5)	(1)	(5)
Currency translation effects	(407)	(57)	(465)
Net book value as at December 31	**6,881**	**605**	**7,486**
At cost of acquisition	7,127	1,544	8,671
Accumulated amortization/impairment	(246)	(939)	(1,184)
Net book value as at December 31	**6,881**	**605**	**7,486**
2012(1)			
Net book value as at January 1	**7,534**	**764**	**8,299**
Change in structure	1	0	1
Additions	0	60	60
Disposals	0	0	0
Amortization	0	(81)	(81)
Impairment loss (charged to statement of income)	(13)	(17)	(29)
Currency translation effects	(137)	18	(118)
Net book value as at December 31	**7,386**	**745**	**8,131**
At cost of acquisition	7,628	1 607	9,234
Accumulated amortization/impairment	(241)	(861)	(1,102)
Net book value as at December 31	**7,386**	**745**	**8,131**

Note:

(1) Restated due to changes in accounting policies, see note 1.

The other intangible assets have finite useful lives, over which the assets are amortized. The corresponding amortization expense is recognized mainly in administration expenses.

Impairment tests for goodwill

For the purpose of impairment testing, goodwill is allocated to a cash generating unit or to a group of cash generating units that are expected to benefit from the synergies of the respective business combination. The Group's cash generating units are defined on the basis of the geographical market, normally country- or region-related. The carrying amount of goodwill allocated to the countries or regions stated below is significant in comparison with the total carrying amount of goodwill, while the carrying amount of goodwill allocated to the other cash generating units is individually not significant.

For the impairment test, the recoverable amount of a cash generating unit, which has been determined based on value-in-use, is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the cash generating unit exceeds its recoverable amount. Future cash flows are discounted using the weighted average cost of capital (WACC).

The cash flow projections are based on a three-year financial planning period approved by management. Cash flows beyond the three-year budget period are extrapolated based either on steady or increasing sustainable cash flows. In any event, the growth rate used to extrapolate cash flow projections beyond the three-year budget period does not exceed the long-term average growth rate for the relevant market in which the cash generating unit operates. In its 2013 impairment testing, the Group has in certain instances relied on its 2012 recoverable amounts estimates wherever these exceeded the cash generating unit asset carrying amounts by a substantial margin (see below).

In respect of the goodwill allocated to "Others", the same impairment model and parameters are used, as is the case with individually significant goodwill positions, except that different key assumptions are used depending on the risks associated with the respective cash generating units.

In 2013, as permitted by IAS 36, the detailed calculations performed in 2012 of recoverable amounts of certain cash generating units to which goodwill had been allocated were used for the 2013 impairment test, as the criteria of IAS 36 were considered as being satisfied: the headroom was substantial in 2012, there had been no significant change in the assets and liabilities and the likelihood that the current recoverable amount would be less than the current carrying amount is considered remote. The carrying amount of goodwill allocated to the cash generating units affected comprises 36.0 percent of the total carrying amount of goodwill allocated to 'Others' in the following table.

Key assumptions used for value-in-use calculations in respect of goodwill 2013

Cash generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
North America	1,647	USD/CAD	7.6 %	3.3%
India	1,160	INR	13.1 %	6.9%
United Kingdom	805	GBP	6.9 %	2.1%
Central Europe	515	CHF/EUR	6.0 %	1.9%
Philippines	391	PHP	10.2 %	5.5%
Mexico	378	MXN	7.8 %	3.3%
France Benelux	293	AUD	7.3 %	1.8%
Eastern Europe	290	Various	7.2 %	3.3%
Australia	273	AUD	8.8 %	3.2%
Others(1)	1,129	Various	6.4–27.8 %	1.3–7.5%
Total	**6,881**			

Key assumptions used for value-in-use calculations in respect of goodwill 2012²

Cash generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
North America	1,726	USD/CAD	7.8 %	3.3%
India	1,340	INR	11.2 %	8.1%
United Kingdom	849	GBP	8.9 %	2.8%
Central Europe	511	CHF/EUR	6.3 %	1.9%
Philippines	395	PHP	9.9 %	5.0%
Mexico	390	MXN	8.2 %	3.3%
Australia	353	AUD	7.7 %	3.5%
France Benelux	293	EUR	7.9 %	2.0%
Eastern Europe	293	Various	7.5 %	3.5%
Others(1)	1,236	Various	6.2–16.2 %	1.3–7.5%
Total	**7,386**			

Notes:

(1) Individually not significant.

(2) Restated due to changes in accounting policies, see note 1.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use of a cash generating unit or a group of cash generating units, management believes that except for France Benelux, a reasonably possible change in the pre-tax discount rate of 1 percentage point, and a 1 percentage point change in long-term GDP growth rate in cases where increasing sustainable cash flows were used, would not cause the carrying amount of a cash generating unit or a group of cash generating units to materially exceed its recoverable amount. With the used pre-tax discount rate of 7.3 percent, the impairment test for France Benelux resulted in a recoverable amount exceeding its carrying amount by CHF 49 million. An increase in the pre-tax discount rate to 7.5 percent would result in the recoverable amount of France Benelux to be equal to its carrying amount.

27 Other long-term assets

This position included a discounted amount of USD 95 million (CHF 87 million) in 2012, relating to a compensation receivable from the Bolivarian Republic of Venezuela. The remaining compensation amount of USD 97.5 million (CHF 87 million) is due to be paid in September 2014 and is disclosed in note 21.

On September 4, 2010, Holcim Ltd signed a settlement with the Bolivarian Republic of Venezuela agreeing on the terms for Venezuela's compensation payment for the June 2008 nationalization of Holcim (Venezuela) C.A. and the suspension of the international arbitration procedure before the International Centre for Settlement of Investment Disputes (ICSID) in connection with that nationalization.

The total agreed compensation amount was USD 650 million (CHF 611 million), of which a first down-payment of USD 260 million (CHF 244 million) was received on September 10, 2010. In the years 2011 to 2013 further payments were received, each amounting to USD 97.5 million (2011: CHF 87 million; 2012: CHF 91 million; 2013: CHF 88 million). In 2013, USD 61 million (CHF 57 million) was realized through "other financial income"; in 2012, this amounted to USD 61 million (CHF 58 million).

28 Trade accounts payable

	2013	**2012**[(1)]
	Million CHF	
Trade accounts payable – associates and joint ventures	13	23
Trade accounts payable – third parties	1,921	2,123
Total	**1,934**	**2,146**

Note:

(1) Restated due to changes in accounting policies, see note 1.

29 Financial liabilities

	2013	2012[1]
	Million CHF	
Current financial liabilities – associates and joint ventures	5	2
Current financial liabilities – third parties	1,030	1,468
Current portion of long-term financial liabilities	1,884	2,051
Derivative liabilities	1	24
Total current financial liabilities	**2,920**	**3,546**
Long-term financial liabilities – associates and joint ventures	9	9
Long-term financial liabilities – third parties	8,776	9,843
Derivative liabilities	0	47
Total long-term financial liabilities	**8,785**	**9,899**
Total	**11,705**	**13,444**
Of which secured	95	81

Note:

(1) Restated due to changes in accounting policies, see note 1.

Details of total financial liabilities

	2013	2012[1]
	Million CHF	
Loans from financial institutions	1,952	2,441
Bonds and private placements	9,253	10,436
Commercial paper notes	399	404
Total loans and bonds	**11,604**	**13,281**
Obligations under finance leases (note 30)	101	93
Derivative liabilities (note 31)	1	71
Total	**11,705**	**13,444**

Note:

(1) Restated due to changes in accounting policies, see note 1.

"Loans from financial institutions" include amounts due to banks and other financial institutions. Repayment dates vary between one and 12 years. CHF 800 million (2012: 1,429) is due within one year.

The Group complied with its debt covenants.

Unutilized credit lines totaled CHF 7,990 million (2012: 8,026) at year-end 2013, of which CHF 4,967 million (2012: 5,363) are committed.

Financial liabilities by currency

	2013			2012[1]		
	Million CHF	*In %*	*Interest rate*[2]	*Million CHF*	*In %*	*Interest rate*[2]
Currency						
USD	3,546	30.3	4.2	3,377	25.1	3.7
CHF	2,819	24.1	2.5	3,710	27.6	2.9
EUR	2,033	17.4	6.1	2,426	18.0	5.4
GBP	782	6.7	7.1	785	5.8	7.1
AUD	701	6.0	6.0	1,107	8.2	5.8
CAD	482	4.1	3.1	586	4.4	4.8
MXN	436	3.7	4.3	427	3.2	5.8
Others	906	7.7	6.3	1,026	7.6	5.9
Total	**11,705**	**100.0**	**4.6**	**13,444**	**100.0**	**4.5**

Notes:

(1) Restated due to changes in accounting policies, see note 1.

(2) Weighted average nominal interest rate on financial liabilities at December 31.

Interest rate structure of total financial liabilities

	2013	2012[1]
	Million CHF	
Financial liabilities at fixed rates	6,567	7,448
Financial liabilities at floating rates	5,138	5,996
Total	**11,705**	**13,444**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Financial liabilities that are hedged to a fixed or floating rate are disclosed on a post hedge basis.

Information on the maturity of financial instruments is disclosed in the section "Risk management" on page 178.

Bonds and private placements as at December 31

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF1[(1)]	Net book value in CHF[(1)]
In million						**2013**	**2012**
Holcim Ltd							
CHF	250	3.00%	3.19%	2006-2015	Bonds with fixed interest rate	250	249
CHF	400	3.13%	0.27%	2007-2017	Bonds swapped into floating interest rates at inception	441	453
CHF	1,000	4.00%		2009-2013	Bonds with fixed interest rate	0	997
CHF	450	4.00%	4.19%	2009-2018	Bonds with fixed interest rate	446	446
CHF	475	2.38%	2.64%	2010-2016	Bonds with fixed interest rate	472	471
CHF	450	3.00%	2.97%	2012-2022	Bonds with fixed interest rate	451	451
CHF	250	2.00%	2.03%	2013-2022	Bonds with fixed interest rate	250	0
Aggregate Industries Holdings Limited							
GBP	163	7.25%	4.17%	2001-2016	Bonds, partly swapped into floating interest rates	262	270
Holcim GB Finance Ltd.							
GBP	300	8.75%	8.81%	2009-2017	Bonds guaranteed by Holcim Ltd	441	443
Holcim Capital Corporation Ltd.							
USD	50	7.65%	7.65%	2001-2031	Private placement guaranteed by Holcim Ltd	44	46
USD	65	6.59%	6.60%	2002-2014	Private placement guaranteed by Holcim Ltd	58	59
USD	100	6.59%	6.59%	2002-2014	Private placement guaranteed by Holcim Ltd	89	92
USD	250	6.88%	7.28%	2009-2039	Bonds guaranteed by Holcim Ltd	215	221
USD	250	6.50%	6.85%	2013-2043	Bonds guaranteed by Holcim Ltd	216	0
Holcim Capital México, S.A. de C.V.							
MXN	1,500	4.36%	5.18%	2012-2015	Bonds guaranteed by Holcim Ltd, with floating interest rates	102	105
MXN	800	4.46%	5.05%	2012-2016	Bonds guaranteed by Holcim Ltd, with floating interest rates	54	56
MXN	1,700	7.00%	7.23%	2012-2019	Bonds guaranteed by Holcim Ltd	115	119
Holcim Capital (Thailand) Ltd.							
THB	1,220	3.52%	3.62%	2010-2015	Bonds guaranteed by Holcim Ltd (partially repaid in 2013)	33	59
Holcim Finance (Canada) Inc.							
CAD	10	6.91%	6.92%	2002-2017	Private placement guaranteed by Holcim Ltd	8	9
CAD	300	5.90%		2007-2013	Bonds guaranteed by Holcim Ltd	0	276
CAD	300	3.65%	3.77%	2012-2018	Bonds guaranteed by Holcim Ltd	250	275

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF1(1)	Net book value in CHF(1)
In million						**2013**	**2012**
Holcim Finance (Luxembourg) S.A.							
EUR	600	4.38%	4.45%	2004-2014	Bonds guaranteed by Holcim Ltd	735	723
EUR	650	9.00%	8.92%	2009-2014	Bonds guaranteed by Holcim Ltd	797	786
EUR	200	6.35%	6.40%	2009-2017	Bonds guaranteed by Holcim Ltd	245	241
Holcim Finance (Australia) Pty Ltd							
AUD	250	7.00%	7.21%	2012-2015	Bonds guaranteed by Holcim Ltd	198	237
AUD	250	6.00%	6.24%	2012-2017	Bonds guaranteed by Holcim Ltd	197	236
AUD	200	5.25%	5.52%	2012-2019	Bonds guaranteed by Holcim Ltd	157	188
Holcim Overseas Finance Ltd.							
CHF	155	3.00%		2007-2013	Bonds guaranteed by Holcim Ltd, swapped into floating interest rates at inception	0	160
CHF	425	3.38%	3.42%	2011-2021	Bonds guaranteed by Holcim Ltd	424	424
Subtotal						**6,950**	**8,092**

Note:

(1) Includes ajdustments for fair value hedge accounting, where applicable.

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF1[(1)]	Net book value in CHF[(1)]
In million						**2013**	**2012**
Subtotal						6,950	8,092
Holcim US Finance S.à r.l. & Cie S.C.S.							
USD	200	6.21%	6.24%	2006-2018	Private placement guaranteed by Holcim Ltd	178	183
USD	125	6.10%	6.14%	2006-2016	Private placement guaranteed by Holcim Ltd	111	114
USD	125	5.96%		2006-2013	Private placement guaranteed by Holcim Ltd	0	114
EUR	90	5.12%		2008-2013	Private placement guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	0	109
EUR	202	1.57%		2008-2015	Private placement guaranteed by Holcim Ltd, swapped into USD at inception (early repaid in 2013)	0	244
USD	750	6.00%	6.25%	2009-2019	Bonds guaranteed by Holcim Ltd	659	677
EUR	500	2.63%	2.15%	2012-2020	Bonds guaranteed by Holcim Ltd	594	603
USD	500	5.15%	5.30%	2013-2023	Non-convertible debentures with fixed interest rate	440	0
USD	50	4.20%	4.20%	2013-2033	Non-convertible debentures with fixed interest rate (partially repaid in 2013)	45	0
ACC Limited							
INR	750	11.30%		2008-2013	Floating rate bonds	0	13
INR	320	8.45%	8.45%	2009-2014	Floating rate bonds	5	14
Holcim (Costa Rica) S.A.							
CRC	10,000	9.20%	9.52%	2010-2015	Floating rate bonds	18	18
CRC	8,500	8.30%	8.56%	2012-2014	Floating rate bonds	15	15
Holcim (Maroc) S.A.							
MAD	1,500	5.49%	5.49%	2008-2015	Bonds with fixed interest rate	163	162
Holcim (US) Inc.							
USD	33	0.08%	0.08%	1999-2032	Industrial revenue bonds – Mobile Dock & Wharf	29	31
USD	25	0.11%	0.11%	2003-2033	Industrial revenue bonds – Holly Hill	22	23
USD	27	0.03%	0.03%	2009-2034	Industrial revenue bonds – Midlothian	24	24
Total						**9,253**	**10,436**

Note:

(1) Includes ajdustments for fair value hedge accounting, where applicable.

30 Leases

Future minimum lease payments

	Operating leases	Finance leases	Operating leases	Finance leases
	2013		2012[1]	
	Million CHF			
Within 1 year	118	25	142	25
Within 2 years	90	20	110	19
Within 3 years	72	15	84	12
Within 4 years	58	15	66	10
Within 5 years	47	14	54	9
Thereafter	301	61	300	68
Total	**686**	**150**	**755**	**143**
Interest		(49)		(50)
Total finance leases		**101**		**93**

Note:

(1) Restated due to changes in accounting policies, see note 1.

The total expense for operating leases recognized in the consolidated statement of income in 2013 was CHF 123 million (2012: 161). There are no individually significant operating lease agreements.

The liabilities from finance leases due within one year are included in current financial liabilities and liabilities due thereafter are included in long-term financial liabilities (note 29). There are no individually significant finance lease agreements.

31 Derivative financial instruments

Derivative assets with maturities exceeding one year are included in long-term financial assets (note 23) and derivative assets with maturities less than one year are included in accounts receivable (note 19).

Derivative liabilities are included in financial liabilities (note 29).

Derivative assets and liabilities

	Fair value assets	Fair value liabilities	Nominal amount	Fair value assets	Fair value liabilities	Nominal amount
	2013			2012(1)		
			Million CHF			
Fair value hedges						
Interest rate	51	0	474	73	0	629
Currency	0	0	19	0	1	56
Cross-currency	44	0	558	37	16	703
Total fair value hedges	**95**	**0**	**1,050**	**109**	**17**	**1,389**
Cash flow hedges						
Interest rate	0	0	73	0	2	153
Currency	1	1	33	0	4	61
Cross-currency	0	0	0	0	45	290
Total cash flow hedges	**1**	**1**	**106**	**0**	**52**	**504**
Net investment hedges						
Currency	0	0	0	0	0	0
Cross-currency	6	0	60	1	1	59
Total net investment hedges	**6**	**0**	**60**	**1**	**1**	**59**
Total	**102**	**1**	**1,216**	**111**	**71**	**1,952**

Note:

(1) Restated due to changes in accounting policies, see note 1.

32 Deferred taxes

Deferred tax by type of temporary difference

	2013	2012(1)
	Million CHF	
Deferred tax assets		
Property, plant and equipment	8	28
Intangible and other long-term assets	6	13
Provisions	316	422
Tax losses carryforward	835	653
Other	261	315
Total	**1,426**	**1,431**
Deferred tax liabilities		
Property, plant and equipment	2,074	2,337
Intangible and other long-term assets	172	218
Provisions	0	4
Other	78	98
Total	**2,325**	**2,656**
Deferred tax liabilities net	**898**	**1,225**
Reflected in the statement of financial position as follows:		
Deferred tax assets	(391)	(478)
Deferred tax liabilities	1,290	1,702
Deferred tax liabilities net	**898**	**1,225**

Note:

(1) Restated due to changes in accounting policies, see note 1.

	2013	2012(2)
	Million CHF	
Temporary differences for which no deferred tax is recognized		
On unremitted earnings of subsidiary companies (taxable temporary difference)	8,729	8,516

Note:

(1) The method used to determine the taxable temporary difference has been modified to include only the unremitted earnings of subsidiaries and therefore excludes foreign exchange translation differences as they cannot reliably be allocated to the individual tax jurisdictions concerned.

Tax losses carryforward

	Losses carry-forward	Tax effect	Losses carry-forward	Tax effect
	2013		2012[1]	
	Million CHF			
Total tax losses carryforward	**4,302**	**1,188**	**4,422**	**1,214**
Of which reflected in deferred taxes	(2,749)	(835)	(2,194)	(653)
Total tax losses carryforward not recognized	**1,554**	**353**	**2,228**	**561**
Expiring as follows:				
1 year	1	0	7	1
2 years	4	1	4	1
3 years	47	12	18	4
4 years	15	4	14	3
5 years	7	2	13	3
Thereafter	1,480	334	2 173	549

Note:

(1) Restated due to changes in accounting policies, see note 1.

The decrease in total tax losses carryforward not recognized relates largely to Holcim Spain (2012: CHF 481 million), which was classified as held for sale in 2013 (Note 22).

33 Provisions

	Site restoration and other environmental provisions	Specific business risks	Other provisions	Total 2013	Total 2012[1]
			Million CHF		
January 1	**842**	**210**	**406**	**1,459**	**1,408**
Change in structure	(21)	0	(6)	(27)	(1)
Reclassification to liabilities directly associated with assets held for sale	(23)	(25)	(3)	(51)	0
Provisions recognized	29	60	262	351	496
Provisions used during the year	(47)	(57)	(155)	(258)	(365)
Provisions reversed during the year	(40)	(44)	(36)	(119)	(97)
Unwinding of discount and discount rate changes	20	1	0	21	45
Currency translation effects	(42)	(9)	(24)	(75)	(27)
December 31	**719**	**136**	**445**	**1,301**	**1,459**
Of which short-term provisions	84	27	113	224	298
Of which long-term provisions	636	109	332	1,077	1,161

Note:

(1) Restated due to changes in accounting policies, see note 1.

Site restoration and other environmental provisions represent the Group's legal or constructive obligations of restoring a site. The timing of cash outflows of these provisions is dependent on the completion of raw material extraction and the commencement of site restoration.

Specific business risks comprise litigation and restructuring costs which arise during the normal course of business. Provisions for litigations mainly relate to antitrust investigations, product liability as well as tax claims and are set up to cover legal and administrative proceedings. In 2013, it included several provisions for risks related to income taxes and other taxes of CHF 32 million (2012: 51). Total provisions for litigations amounted to CHF 71 million (2012: 125) on December 31. The timing of cash outflows of provisions for litigations is uncertain since it will largely depend upon the outcome of administrative and legal proceedings. Provisions for restructuring costs relate to various restructuring programs and amounted to CHF 65 million (2012: 85) on December 31. These provisions are expected to result in future cash outflows mainly within the next one to three years.

Other provisions relate mainly to provisions that have been set up to cover other contractual liabilities. The composition of these items is extremely manifold and comprises, as of December 31, among other things: provisions related to sales and other taxes of CHF 60 million (2012: 76), provisions for various severance payments to employees of CHF 27 million (2012: 69), provisions for performance related compensation payments of CHF 51 million (2012: 56), provisions for contingent liabilities arising from business combinations of CHF 18 million (2012: 32) and provisions for health insurance and pension schemes, which do not qualify as benefit obligations, of CHF 9 million (2012: 11). The expected timing of the future cash outflows is uncertain.

34 Employee benefits

Personnel expenses

	2013	2012(1)
	Million CHF	
Production and distribution	2,493	2,712
Marketing and sales	377	408
Administration	782	873
Total	**3,653**	**3,993**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Personnel expenses and number of personnel

The Group's total personnel expenses, including social charges, are recognized in the relevant expenditure line by function in the consolidated statement of income and amounted to CHF 3,653 million (2012: 3,993). As of December 31, 2013, the Group employed 70,857 people (2012: 76,359).

Defined benefit pension plans

The Group's main defined benefit pension plans are in Switzerland, the United Kingdom and in North America and are funded through legally separate trustee administered funds. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities.

Switzerland

The Swiss pension plans of Swiss companies contain a cash balance benefit formula, accounted for as a defined benefit plan. Employer and employee contributions are defined in the pension fund rules in terms of an age related sliding scale of percentages of salary. Under Swiss law, the pension fund guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the fund rules. The Board of Trustees may increase the annuity at their discretion subject to the plan's funded status including sufficient free funds as determined according to Swiss statutory valuation rules. The Swiss pension plans fulfill the requirements of the regulatory framework which requires a minimum level of benefits.

The trustees invest in a diversified range of assets. The investment strategy takes into account the pension fund's tolerance to risk as well as the funding needs (minimum investment return necessary to stabilize the coverage ratio in the long run).

No material plan amendment, curtailment or settlement has occurred during the year.

United Kingdom (UK)

The companies operate several defined benefit pension plans in the UK, under which pensions payable to employees depend on final salary and length of service. Active members of these plans pay a contribution as a percentage of pensionable salary, and the companies meet the balance of the cost of providing the benefits. All of these plans are closed to new entrants, and the companies operate defined contribution plans which employees who are not members of a defined benefit plan are eligible to join.

The companies' UK defined benefit pension plans are registered schemes under UK tax law, and in each case the assets are held in a trust and managed by trustees separate from the company. In accordance with UK legislation, the trustees of each plan undertake an actuarial valuation at least once every three years. After each valuation, the company and the trustees agree on the contributions required to be made to the relevant plan. These contributions are determined based on certain assumptions including the returns which will be achieved on the plans' investments and the longevity of plan members; to the extent that the assumptions are not borne out in practice, there is a risk that future contributions from the companies will be higher than anticipated. The trustees invest in a diversified range of assets including insurance policies, thereby reducing the potential risks.

The companies and trustees agree a contribution schedule for the defined benefit pension plans in accordance with an actuarial valuation for funding purposes. This contribution schedule is revised following these actuarial valuations.

No material plan amendment or curtailment has occurred during the year. In 2013, a defined benefit plan was transferred to an insurance company. The plan liabilities transferred, which equaled the plan assets, amounted to CHF 115 million and no settlement gain or loss was recognized. As a result of this transaction, all future benefits will be paid out by the insurance company to the respective employees concerned.

North America (United States and Canada)

The companies operate defined contribution plans for existing and new employees and a number of defined benefit pension plans. Some defined benefit pension plans have been closed to new entrants and were frozen to future accruals. Active employees participate in defined contribution or defined benefit plans. The defined benefit pension plans have been based or are based on the average final salary.

The companies must contribute a minimum amount to the defined benefit pension plans annually which is determined actuarially and is comprised of service costs as well as payment toward any existing deficits. For plans that are currently closed, there will generally be no service component in the future. Employer contributions toward the defined contribution plan are made either monthly or quarterly and are based on a percentage of covered payroll.

The pension committees of the various companies are responsible for operating the defined benefit plans in compliance with existing regulations and for the management of plan assets.

The plans hold a large percentage of plan assets in equity investments. To the extent that equity performance is volatile in the future, the required employer contributions would also experience similar volatility in the future. The companies assume and are responsible for the management of all risks associated with the defined benefit pension plans, including investment risks, interest rate risks and longevity risks. These risks are not considered significant to the various companies as a whole.

The plan assets are invested in a diversified range of assets. The assets in the United States include a certain proportion which hedge the liability swings against interest rate movements, with those assets primarily invested in fixed income investments, particularly intermediate and longer term instruments.

The companies in the United States intend to pay the minimum required contributions as prescribed under Internal Revenue Service (IRS) regulations in addition to voluntary amounts in order to achieve and maintain an IRS funded status of at least 80%. However, for the Canadian plans, the companies intend to pay at least the minimum amount prescribed by the Ontario Pension Benefits Act.

No material plan amendment, curtailment or settlement has occurred during the year.

Other post-employment benefit plans

The Group operates a number of other post-employment benefit plans. A number of these plans are not externally funded, but are covered by provisions in the statement of financial position of the respective companies.

Status of the Group's defined benefit plans

The status of the Group's defined benefit plans using actuarial assumptions determined in accordance with IAS 19 Employee Benefits is summarized below. The tables provide reconciliations of defined benefit obligations, plan assets and the funded status for the defined benefit pension plans to the amounts recognized in the statement of financial position.

Reconciliation of retirement benefit plans to the statement of financial position

	2013	**2012**[(1)]
	Million CHF	
Net liability arising from defined benefit pension plans	587	814
Net liability arising from other post-employment benefit plans	64	83
Net liability	**651**	**897**
Reflected in the statement of financial position as follows:		
Other long-term assets	(4)	(5)
Defined benefit obligations	655	902
Net liability	**651**	**897**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
	2013	2012[1]	2013	2012[1]
		Million CHF		
Present value of funded obligations	**2,976**	**3,197**	**0**	**0**
Fair value of plan assets	(2,628)	(2,631)	0	0
Plan deficit of funded obligations	**348**	**566**	**0**	**0**
Present value of unfunded obligations	239	248	64	83
Total deficit	**587**	**814**	**64**	**83**
Effect of asset ceiling	0	1	0	0
Net liability from funded and unfunded plans	**587**	**814**	**64**	**83**
Of which:				
Switzerland	117	211	0	0
United Kingdom	109	138	0	0
North America (United States and Canada)	55	140	51	68
Rest of world	305	324	13	15
Costs recognized in the statement of income are as follows:				
Current service costs	91	85	2	2
Past service costs (including curtailments)	(14)	(33)	(3)	0
Losses on settlements	4	0	0	0
Net interest expense	28	31	3	3
Others	1	3	0	0
Total (included in personnel expenses)	**110**	**85**	**2**	**5**
Of which:				
Switzerland	43	36	0	0
United Kingdom	16	15	0	0
North America (United States and Canada)	23	(3)	4	4
Rest of world	28	38	(1)	1
Amounts recognized in other comprehensive earnings:				
Actuarial gains (losses) arising from changes in demographic assumptions	(21)	(18)	6	2
Actuarial gains (losses) arising from changes in financial assumptions	99	(187)	5	(6)
Actuarial gains (losses) arising from experience adjustments	(35)	1	7	9
Return on plan assets excluding interest income	155	116	0	0

	Defined benefit pension plans		Other post-employment benefit plans	
	2013	**2012[(1)]**	**2013**	**2012[(1)]**
	Million CHF			
Change in effect of asset ceiling excluding interest (income) expense	0	(1)	0	0
Total recorded in other comprehensive earnings	**198**	**(88)**	**18**	**4**
Of which:				
Switzerland	98	36	0	0
United Kingdom	30	(53)	0	0
North America (United States and Canada)	71	(14)	16	5
Rest of world	0	(56)	2	(1)

Note:

(1) Restated due to changes in accounting policies, see note 1.

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
	2013	2012(1)	2013	2012(1)
	Million CHF			
Present value of funded and unfunded obligations				
Opening balance as per January 1	3,445	3,232	83	89
Current service costs	91	85	2	2
Interest expense	108	122	3	3
Contribution by the employees	21	21	0	0
Actuarial (gains) losses	(43)	203	(18)	(4)
Benefits paid	(204)	(181)	(3)	(5)
Past service costs (including curtailments)	(14)	(33)	(3)	0
Change in structure	(13)	2	3	0
Settlements	(112)	(2)	0	0
Currency translation effects	(65)	(4)	(2)	(2)
Closing balance as per December 31	**3,214**	**3,445**	**64**	**83**
Of which:				
Switzerland	1,420	1,444	0	0
United Kingdom	821	920	0	0
North America (United States and Canada)	511	573	51	68
Rest of world	463	508	13	15
Fair value of plan assets				
Opening balance as per January 1	2,631	2,469	0	0
Interest income	80	91	0	0
Return on plan assets excluding interest income	155	116	0	0
Contribution by the employer	109	101	3	5
Contribution by the employees	21	21	0	0
Benefits paid	(190)	(168)	(3)	(5)
Change in structure	(13)	0	0	0
Settlements	(116)	(2)	0	0
Currency translation effects	(49)	3	0	0
Closing balance as per December 31	**2,628**	**2,631**	**0**	**0**
Of which:				
Switzerland	1,302	1,234	0	0
United Kingdom	712	783	0	0
North America (United States and Canada)	456	432	0	0
Rest of world	158	183	0	0

Note:

(1) Restated due to changes in accounting policies, see note 1.

Retirement benefit plans

	Defined benefit pension plans	
	2013	2012[(1)]
	Million CHF	
Plan assets based on quoted market prices:		
Cash and cash equivalents	92	124
Equity instruments of Holcim Ltd or subsidiaries	2	2
Equity instruments of third parties	934	861
Debt instruments of Holcim Ltd or subsidiaries	8	32
Debt instruments of third parties	637	572
Land and buildings occupied or used by third parties	358	346
Derivatives	15	14
Investment funds	88	90
Asset-backed securities	9	8
Structured debt	28	51
Plan assets based on non-quoted prices:		
Equity instruments of third parties	25	24
Debt instruments of Holcim Ltd or subsidiaries	5	0
Debt instruments of third parties	25	21
Land and buildings occupied or used by Holcim Ltd or subsidiaries	1	3
Land and buildings occupied or used by third parties	25	29
Derivatives	6	5
Investment funds	35	39
Structured debt	3	3
Others	332	407
Total plan assets at fair value	**2 628**	**2 631**
Effect of asset ceiling		
Opening balance as per January 1	1	0
Interest expense or (income)	0	0
Change in effect of asset ceiling excluding interest (income) expense	(1)	1
Closing balance as per December 31	**0**	**1**

Note:

(1) Restated due to changes in accounting policies, see note 1.

Principal actuarial assumptions (weighted average) used at the end of the reporting period for defined benefit pension plans

	Total Group		Switzerland		United Kingdom		North America	
	2013	2012(1)	2013	2012(1)	2013	2012(1)	2013	2012(1)
Discount rate in %	3.6%	3.3%	2.4%	2.1%	4.6%	4.1%	4.6%	3.8%
Expected salary increases in %	2.7%	2.7%	1.7%	1.8%	3.2%	2.7%	3.5%	3.6%
Life expectancy in years after the age of 65	21.8	21.2	22.5	22.4	22.0	21.8	20.5	20.0

Note:

(1) Restated due to changes in accounting policies, see note 1.

Weighted average duration of defined benefit pension plans

Duration of the defined benefit obligation

	Total Group		Switzerland		United Kingdom		North America	
	2013	2012	2013	2012	2013	2012	2013	2012
Weighted average duration in years	12.9	13.3	11.5	12.1	17.0	16.7	11.8	12.2

Sensitivity analysis as per December 31, 2013 on defined benefit pension plans

Impact on the defined benefit obligation

	Total Group		Switzerland		United Kingdom		North America	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	Million CHF							
Discount rate (±1% change in assumption)	(363)	446	(148)	177	(119)	154	(55)	65
Expected salary increases (±1% change in assumption)	92	(74)	21	(17)	22	(19)	15	(12)
Life expectancy in years after the age of 65 (±1 year change in assumption)	87	(97)	36	(45)	27	(27)	11	(11)

Expected contributions by the employer to be paid to the post-employment benefit plans during the annual period beginning after the end of the reporting period are CHF 105 million (2012: 107), of which CHF 33 million (2012: 35) related to Switzerland, CHF 14 million (2012: 13) related to the United Kingdom and CHF 37 million (2012: 41) related to North America.

35 Share compensation plans

Employee share purchase plan

Holcim has an employee share ownership plan for all employees of Swiss subsidiaries and some executives from Group companies. This plan entitles employees to acquire a limited amount of discounted Holcim shares generally at 70 percent of the market value based on the prior-month average share price. The shares cannot be sold for a period of two years from the date of purchase. The total expense arising from this plan amounted to CHF 4.4 million in 2013 (2012: 2.5).

Share plan for management of Group companies

Part of the variable, performance-related compensation for management of Group companies is paid in Holcim shares, which are granted based on the market price of the share in the following year. The shares cannot be sold by the employee for the next three years. The total expense arising from this share plan amounted to CHF 4.5 million in 2013 (2012: 6.5).

Senior management share plans

Part of the variable, performance-related compensation of senior management is paid in Holcim shares, which are granted based on the market price of the share in the following year. The shares cannot be sold nor pledged by the employee for the next five years. The total expense arising from these share plans amounted to CHF 2.3 million in 2013 (2012: 0.6).

No dilution of Holcim shares occurs as all shares granted under these plans are purchased from the market.

Share option plans

Two types of share options are granted to senior management of the Holcim Group, the ones, which are granted as part of the annual variable compensation and those, that are allotted to the Executive Committee upon appointment. In both cases, each option represents the right to acquire one registered share of Holcim Ltd at the market price of the shares at the date of grant (see explanations on page 136).

The contractual term of the first type of option plan is eight years, with immediate vesting but exercise restrictions for a period of three years following the grant date.

The contractual term of the second type of option plan is twelve years and the options have a vesting period (service-related only) of nine years from the date of grant, with sale and pledge restrictions.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price(1)	**Number**(1)	**Number**(1)
		2013	**2012**
	CHF		
January 1	**66.75**	**1,550,131**	**1,467,222**
Granted and vested (individual component of variable compensation)	71.90	122,770	179,894
Granted and vested (single allotment)	71.50	11,183	33,550
Forfeited	63.35	5,083	0
Exercised	54.60	183,842	130,535
Lapsed	63.35	33,550	0
December 31	**68.65**	**1,461,609**	**1,550,131**
Of which exercisable at the end of the year		796,699	786,893

Note:

(1) Adjusted to reflect former share splits and/or capital increases.

Share options outstanding at the end of the year have the following expiry dates and give the right to acquire one registered share of Holcim Ltd at the exercise prices as listed below:

Optional grant date	Expiry date	Exercise price[1]	Number[1]	Number[1]
			2013	2012
		CHF		
2002	2014	67.15	122,737	201,300
2003	2015[2]	67.15	33,550	33,550
2004	2013[2]	63.35		34,341
2004	2016[2]	67.15	33,550	33,550
2005	2014[2]	74.54	71,423	71,423
2006	2014	100.69	58,573	58,573
2007	2015	125.34	49,674	49,674
2008	2016	104.34	71,083	71,083
2008	2020	67.15	33,550	67,100
2009	2017	38.26	224,478	300,499
2010	2018	71.15	131,631	131,631
2010	2022	75.40	33,550	33,550
2010	2022	81.45	33,550	33,550
2011	2019	67.15	149,763	149,763
2011	2023	71.50	67,100	67,100
2012	2020	58.50	179,894	179,894
2012	2024	67.15	33,550	33,550
2013	2021	71.90	122,770	
2013	2025	71.50	11,183	
Total............................			**1,461,609**	**1,550,131**

Notes:

(1) Adjusted to reflect former share splits and/or capital increases.

(2) Due to trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.

In 2013, options exercised resulted in 183,842 shares (2012: 130,535) being issued at a weighted average share price of CHF 72.52 (2012: 62.07).

The fair value of options granted for the year 2013 using the Black Scholes valuation model is CHF 18.26 (2012: 19.54). The significant inputs into the model are the share price and an exercise price of CHF 69.15 (2012: 71.90) at the date of grant, an expected volatility of 33.5 percent (2012: 33.3), an expected option life of 6 years (2012: 6), a dividend yield of 1.70 percent (2012: 1.39) and an annual risk-free interest rate of 0.4 percent (2012: 0.3). Expected volatility was determined by calculating the historical volatility of the Group's share price over the respective vesting period.

All shares granted under these plans are either purchased from the market or derived from treasury shares. The total personnel expense arising from the granting of options based on the individual component of variable compensation amounted to CHF 2.0 million in 2013 (2012: 2.0).

36 Construction contracts

	2013	2012[1]
	Million CHF	
Contract revenue recognized during the year	**1,072**	**1,103**
Contract costs incurred and recognized profits (less recognized losses) to date	2,923	2,326
Progress billings to date	(2,925)	(2,321)
Due from (to) contract customers at the end of the reporting period	**(2)**	**5**
Of which:		
Due from customers for contract work	31	27
Due to customers for contract work	(34)	(22)

Note:

(1) Restated due to changes in accounting policies, see note 1.

37 Details of shares

Number of registered shares

	December 31	
	2013	2012
Total outstanding shares	**325,563,866**	**325,349,838**
Treasury shares		
Reserved for convertible bonds	0	0
Reserved for call options	1,461,609	1,550,131
Unreserved	60,901	186,407
Total treasury shares	**1,522,510**	**1,736,538**
Total issued shares	**327,086,376**	**327,086,376**
Shares out of conditional share capital		
Reserved for convertible bonds	1,422,350	1,422,350
Unreserved	0	0
Total shares out of conditional share capital	**1,422,350**	**1,422,350**
Total shares	**328,508,726**	**328,508,726**

The par value per share is CHF 2. The share capital amounts to nominal CHF 654 million (2012: 654) and the treasury shares amount to CHF 102 million (2012: 114).

On March 27, 2012, Holcim Ltd sold 5 million treasury shares at a price of CHF 59.25 per share. The proceeds of CHF 296 million were used for general corporate purposes.

38 Non-controlling interest

Holcim has two Group companies with material non-controlling interests. Information regarding these subsidiaries is as follows:

Material non-controlling interest

Company	Principal place of business	Non-controlling interest[1]		Net income[2]		Total equity[2]		Dividends paid to non-controlling interest	
		2013	2012	2013	2012	2013	2012	2013	2012
		Million CHF							
ACC Limited....................	India	49.7%	49.7%	76	106	679	761	44	46
Ambuja Cements Ltd........	India	49.5%	49.4%	90	120	818	897	44	43

Note:

(1) The non-controlling interest of ACC Limited and Ambuja Cements Ltd. represents the ownership interests, which is equal to the voting rights in these two companies.

(2) Attributable to non-controlling interest.

Set out below is the summarized financial information relating to ACC Limited and Ambuja Cements Ltd. before intercompany eliminations.

Statement of financial position

	ACC Limited		Ambuja Cements Ltd.	
	2013	2012	2013	2012
	Million CHF			
Current assets...	634	808	802	889
Long-term assets..	1,375	1,510	1,396	1,578
Total assets	**2,009**	**2,319**	**2,198**	**2,466**
Current liabilities...	358	449	344	423
Long-term liabilities	285	339	203	228
Total liabilities..	**643**	**788**	**546**	**651**
Net assets	**1,366**	**1,530**	**1,651**	**1,815**

	ACC Limited		Ambuja Cements Ltd.	
	2013	2012	2013	2012
		Million CHF		
Statement of income				
Net sales	**1,732**	**1,947**	**1,437**	**1,693**
Net income	**153**	**213**	**182**	**243**

	ACC Limited		Ambuja Cements Ltd.	
	2013	2012	2013	2012
		Million CHF		
Statement of cash flows				
Cashflow from operating activities	**208**	**314**	**244**	**355**
(De)Increase in cash and cash equivalents	**(101)**	**36**	**20**	**173**

39 Contingencies, guarantees and commitments

Contingencies

In the ordinary course of business, the Group is involved in lawsuits, claims of various natures, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

At December 31, 2013, the Group's contingencies amounted to CHF 779 million (2012: 852), which included contingencies of CHF 333 million (2012: 386) from two Indian Holcim Group companies. It is possible, but not probable, that the respective legal cases will result in future liabilities.

The Competition Commission of India issued an Order dated June 20, 2012, imposing a penalty of INR 23,119 million (CHF 333 million) on two Indian Holcim Group companies concerning an alleged breach of competition law by certain cement manufacturers in India. The two Indian Holcim Group companies contest the allegation and have filed an appeal against the Order before the appropriate authority, which is pending a decision. As per the Order, a total deposit of 10% of the penalty amounts has been placed with a financial institution by both Holcim Group companies with a lien in favor of the Competition Appellate Tribunal. Based on the advice of external legal counsel, Holcim believes that it has good grounds for appeal. Accordingly, no provision has been recognized in the statement of financial position.

There are no further single matters pending that the Group expects to be material in relation to the Group's business, financial position or results of operations.

Guarantees

At December 31, 2013, guarantees issued in the ordinary course of business amounted to CHF 411 million (2012: 427).

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services, buys and sells investments, associated companies and Group companies or portions thereof. It is common practice for the Group to make offers or receive call or put options in connection with such acquisitions and divestitures.

At December 31, 2013, the Group's commitments amounted to CHF 1,284 million (2012: 1,434), of which CHF 759 million (2012: 856) related to the purchase of property, plant and equipment.

40 Monetary net current assets by currency

	Cash and cash equivalents	Accounts receivable	Trade accounts payable	Current financial liabilities	Other current liabilities	Total 2013	Total 2012[1]
				Million CHF			
CHF	139	147	72	77	221	(84)	(1,024)
USD	303	327	257	651	360	(638)	(513)
EUR	222	542	358	1,748	493	(1,835)	(530)
AUD	68	235	133	49	164	(43)	(337)
GBP	89	286	288	65	183	(161)	(225)
BRL	53	46	59	2	19	19	82
CAD	12	150	119	15	106	(78)	(346)
IDR	17	60	61	3	43	(30)	4
INR	957	166	163	48	484	428	418
MAD	103	90	59	39	38	57	51
MXN	23	109	56	85	163	(172)	(57)
Others	258	363	309	138	333	(159)	(22)
Total	**2,244**	**2,521**	**1,934**	**2,920**	**2,607**	**(2,696)**	**(2,499)**

Note:

(1) Restated due to changes in accounting policies, see note 1.

41 Cash flow used in investing activities

	2013	2012[1]
	Million CHF	
Purchase of property, plant and equipment net		
Replacements	(923)	(908)
Proceeds from sale of property, plant and equipment	205	118
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	**(719)**	**(790)**
Expansion investments	(1,282)	(803)
Total purchase of property, plant and equipment net (A)	**(2,000)**	**(1,593)**
Acquisition of participation in Group companies (net of cash and cash equivalents acquired)[2]	**(8)**	**(1)**
Disposal of participation in Group companies (net of cash and cash equivalents disposed of)[2]	**407**	**8**
Purchase of financial assets, intangible and other assets		
Increase in financial investments including associates and joint ventures	(23)	(16)
Increase in other financial assets, intangible and other assets	(240)	(165)
Total purchase of financial assets, intangible and other assets	**(263)**	**(182)**
Disposal of financial assets, intangible and other assets		
Decrease in financial investments including associates and joint ventures	11	394
Decrease in other financial assets, intangible and other assets	188	177
Total disposal of financial assets, intangible and other assets	**199**	**571**
Total disposal (purchase) of financial assets, intangible and other assets and businesses net (B)	**336**	**396**
Total cash flow used in investing activities (A + B)	**(1,665)**	**(1,197)**

Notes:

(1) Restated due to changes in accounting policies, see note 1.

(2) Including goodwill.

Cash flow from acquisitions and disposals of Group companies

	Acquisitions		Disposals	
	2013	2012(1)	2013	2012(1)
	Million CHF			
Current assets	(9)	0	124	20
Property, plant and equipment	(7)	0	450	11
Other assets	0	(1)	30	7
Current liabilities	6	0	(254)	(14)
Long-term provisions	0	0	(27)	(1)
Other long-term liabilities	1	0	(26)	0
Net assets	**(9)**	**(1)**	**298**	**24**
Non-controlling interest	0	0	(98)	0
Net assets (acquired) disposed	**(9)**	**(1)**	**201**	**24**
Goodwill (acquired) disposed	(4)	(1)	48	0
Fair value of previously held (retained) equity interest	1	0	0	(6)
Net gain (loss) on disposals	0	0	156	(3)
Total (purchase) disposal consideration	**(12)**	**(2)**	**405**	**14**
Acquired (disposed) cash and cash equivalents	1	0	2	(6)
Contingent consideration	0	0	0	0
Payables and loan notes	4	0	0	0
Net cash flow	**(8)**	**(1)**	**407**	**8**

Note:

(1) Restated due to changes in accounting policies, see note 1.

42 Transactions and relations with members of the Board of Directors and senior management

Key management compensation

Board of Directors

In 2013, 14 non-executive members of the Board of Directors received a total remuneration of CHF 3.4 million (2012: 3.3) in the form of short-term employee benefits of CHF 2.2 million (2012: 2.1), post-employment benefits of CHF 0.1 million (2012: 0.1), share-based payments of CHF 0.9 million (2012: 0.9) and other compensation of CHF 0.2 million (2012: 0.2).

Senior management

The total annual compensation for the 16 members of senior management (including CEO) amounted to CHF 25.9 million (2012: 30.3). This amount comprises of base salary and variable cash compensation of CHF 15.1 million (2012: 16.7), share-based compensations of CHF 3.7 million (2012: 4.3), employer contributions to pension plans of CHF 6.6 million (2012: 6.3) and “Others” compensation of CHF 0.5 million (2012: 3.0) which includes, according to the rules of SIX Swiss Exchange, the contributions from the Holcim International Pension

Trust for the additional financing of retirement benefits in the amount of CHF 0.0 million (2012: 0.9). The CEO received a base salary plus variable compensation in cash of CHF 2.1 million (2012: 2.2), share based compensation of CHF 0.7 million (2012: 0.8), and employer contributions to pension benefits of CHF 0.5 million (2012: 0.5). The CEO's total compensation, in accordance with the rules of SIX Swiss Exchange, amounted to CHF 3.2 million (2012: 5.0). In accordance with Art. 663bbis of the Swiss Code of Obligations (transparency law), the base salary and the variable cash compensation are disclosed, including foreign withholding tax. Further included in the contribution to pension plans are the employer's contributions to social security (AHV/IV).

The following table provides details on the total compensation awarded to the individual members of the Board of Directors, the largest compensation amount paid to a senior management member and the total amount of senior management compensation.

Compensation for former members of governing bodies

In the year under review, compensation in the amount of CHF 2.8 million (2012: 9.2) was paid to ten (2012: nine) former members of senior management. The total compensation in 2012 included social security contributions of CHF 2.2 million which were settled in 2012 and related to contributions out of the Holcim International Pension Trust disclosed in the years 2008 to 2011, as net amounts. No former members of the Board of Directors received any compensation in the year under review.

Loans

As at December 31, 2013, and December 31, 2012, there were no loans outstanding, to members of the Board of Directors and members of senior management.

Compensation Board of Directors/senior management[(1)]

Name	Position		Base Salary	
			Cash	Shares[(2)]
Rolf Soiron	Chairman, Chairman of the Governance & Strategy Committee since January 1, 2013	Number		1,178
		CHF	595,680	80,000
Beat Hess..	Deputy Chairman, Member of the Audit Committee since April 17, 2013, Member of the Governance & Strategy Committee since January 1, 2013, Member of the Nomination & Compensation Committee until April 17, 2013	Number		1,178
		CHF	324,334	80,000
Erich Hunziker..	Deputy Chairman, Chairman of the Nomination & Compensation Committee, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,178
		CHF	320,000	80,000
Markus Akermann	Member of the Board of Directors until April 17, 2013	Number		393
		CHF	26,667	26,667
Christine Binswanger......................................	Member of the Board of Directors until April 17, 2013	Number		393
		CHF	26,667	26,667
Alexander Gut...	Member of the Board of Directors, Member of the Audit Committee until April 17, 2013, Chairman of the Audit Committee since April 17, 2013	Number		1,178
		CHF	156,667	80,000
Peter Küpfer..	Member of the Board of Directors until April 17, 2013, Chairman of the Audit Committee until April 17, 2013	Number		393
		CHF	60,000	26,667
Adrian Loader...	Member of the Board of Directors, Member of the Nomination & Compensation Committee	Number		1,178
		CHF	100,000	80,000
Andreas von Planta	Member of the Board of Directors, Member of the Audit Committee	Number		1,178
		CHF	110,000	80,000
Wolfgang Reitzle	Member of the Board of	Number		1,178

Name	Position		Base Salary	
			Cash	Shares[2]
	Directors, Member of the Nomination & Compensation Committee since April 17, 2013	CHF	93,333	80,000
Thomas Schmidheiny	Member of the Board of Directors, Member of the Nomination & Compensation Committee	Number		1,178
		CHF	130,800[4]	80,000
Hanne Sørensen	Member of the Board of Directors since April 17, 2013	Number		785
		CHF	53,333	53,333
Dieter Spälti...	Member of the Board of Directors, Member of the Audit Committee, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,178
		CHF	130,000	80,000
Anne Wade	Member of the Board of Directors since April 17, 2013	Number		785
		CHF	53,333	53,333
Total Board of Directors (non-executive members)...............................		**Number**		**13,351**
		CHF	**2,180,814**	**906,667**
Bernard Terver[5]..	Member of the Executive Committee	Number		
		CHF	1,350,000	
Bernard Fontana	CEO	Number		
		CHF	1,750,000	
Variable compensation in percentage of base salary				
Total senior management[7]...........................		**Number**		
		CHF	**13,281,548**	
Variable compensation in percentage of base salary				

Notes:

(1) Compensation for the Board of Directors and senior management is disclosed gross of withholding tax and employee social security contributions. "Other compensation" includes employer contributions to pension plans (state old age and survivors insurance [AHV]/disability insurance [IV], pension funds) as well as a lump sum allowance, long-service benefits, government child payments, etc. The parameters for the fair value calculation of shares and options allocated in the year under review are disclosed in note 35 "Share compensation plans".

(2) The shares were valued at the average market price in the period from January 1, 2014 to February 15, 2014, and are subject to a five-year sale and pledge restriction period.

Variable Compensation			Other compensation		Total compensation 2013	Total compensation 2012
Cash	Shares[2]	Options[3]	Employer contributions to pension plans	Others		
			32,891	50,000	758,571	758,571
			19,782	10,000	434,116	376,984
			9,259	10,000	419,259	398,229
			3,322	3,333	59,989	129,797
			4,452	3,333	61,119	177,199
			11,147	10,000	257,814	207,461
			5,808	3,333	95,808	281,484
				10,000	190,000	190,000
			8,744	10,000	208,744	208,744
			6,859	10,000	190,192	116,081
			8,085	10,000	228,885	228,885
			2,747	6,667	116,080	
			9,774	10,000	229,774	208,744
			2,747	6,667	116,080	
			125,617	**153,333**	**3,366,431**	**3,282,179[8]**
	2,821	10,478				
191,457	191,584	191,334	2,526,113[6]	26,000	4,476,488	3,547,431
	4,624	18,492				
325,861	314,059	337,672	465,822	26,000	3,219,414	4,950,494
	55.9%					
	27,730	**99,532**				
1,850,432	**1,883,406**	**1,817,497**	**6,559,007**	**480,944**	**25,872,834**	**30,312,614**
	41.8%					

Notes:

(1) Value of the options according to the Black Scholes model at the time of allocation.

(2) Including director's fees from subsidiary companies.

(3) Member of senior management receiving the highest compensation.

(4) Includes the vested amount of CHF 1,943,211 from foreign pension plan agreement, used for the financing of the retirement benefits.

(5) Including CEO.

(6) The total compensation of the Board of Directors in 2012 amounted to CHF 3,349,875 and included the compensation of a Board member leaving in 2012.

Shares and options owned by members of the Board of Directors and senior management

The tables show the number of shares and options held by members of the Board of Directors and senior management as of December 31, 2013, and December 31, 2012 respectively.

Number of shares and options held by the Board of Directors as of December 31, 2013[1]

Name	Position	Total number of shares 2013	Total number of call options 2013
Rolf Soiron	Chairman, Governance & Strategy Committee Chairman	39,514	
Beat Hess	Deputy Chairman	3,515	
Erich Hunziker	Deputy Chairman, Nomination & Compensation Committee Chairman	13,551	
Alexander Gut	Member, Audit Committee Chairman	2,914	
Adrian Loader	Member	9,315	
Andreas von Planta	Member	13,309	
Wolfgang Reitzle	Member	1,063	
Thomas Schmidheiny	Member	65,776,734	
Hanne Sørensen	Member	230	
Dieter Spälti	Member	40,413	
Anne Wade	Member	200	
Total Board of Directors		**65,900,758**	

Number of shares and options held by the Board of Directors as of December 31, 2012 [1]

Name	**Position**	**Total number of shares 2012**	**Total number of call options 2012**
Rolf Soiron	Chairman, Governance & Strategy Committee Chairman	38,370	
Beat Hess	Deputy Chairman	2,371	
Erich Hunziker	Deputy Chairman, Nomination & Compensation Committee Chairman	12,407	
Markus Akermann[2]	Member	79,393	310,905[3]
Christine Binswanger	Member	5,417	
Alexander Gut	Member	1,770	
Peter Küpfer	Member,	12,406	37,000[4]
	Audit Committee Chairman		31,000[5]
Adrian Loader	Member	8,171	
Andreas von Planta	Member	12,165	
Wolfgang Reitzle	Member	300	
Thomas Schmidheiny	Member	65,775,590	
Dieter Spälti	Member	32,886	
Total Board of Directors		**65,981,246**	**378,905**

Notes:

(1) From allocation, shares are subject to a five-year sale and pledge restriction period.

(2) Markus Akermann was a non-executive member from February 1, 2012 until April 30, 2013.

(3) Including 20,000 options (not related to compensation), exercise price: CHF 56, Ratio: 1:1, Style: American, Maturity: 18.3.2013.

(4) Exercise price: CHF 70; Ratio 1:1; Style: American; Maturity: 19.8.2014.

(5) Exercise price: CHF 80; Ratio 1:1; Style: American; Maturity: 12.11.2013.

The total number of shares and call options comprise privately acquired shares and call options, and shares allocated under profit-sharing and compensation schemes. Non-executive members of the Board of Directors did not hold any options from compensation and profit-sharing schemes, as per end of 2013.

Number of shares and options held by the senior management as of December 31, 2013(1)

Name	Position	Total number of shares 2013	Total number of call options 2013
Bernard Fontana	CEO	5,489	55,302
Thomas Aebischer	Member of the Executive Committee, CFO	9,464	56,548
Paul Hugentobler	Member of the Executive Committee	40,843	96,050
Roland Köhler	Member of the Executive Committee	15,470	80,402
Andreas Leu	Member of the Executive Committee	16,481	69,934
Bernard Terver	Member of the Executive Committee	22,618	42,819
Ian Thackwray	Member of the Executive Committee	8,875	70,091
Horia Adrian	Area Manager	2,280	1,228
Javier de Benito	Area Manager	22,858	27,269
Urs Fankhauser	Area Manager	5,107	7,835
Aidan Lynam	Area Manager	7,482	12,718
Onne van der Weijde	Area Manager	3,152	3,378
Kaspar E.A. Wenger	Area Manager	19,759	1,228
Urs Bleisch	Corporate Functional Manager	3,306	939
Jacques Bourgon	Corporate Functional Manager	4,865	24,410
Xavier Dedullen	Corporate Functional Manager(2)		
Total senior management		**188,049**	**550,151**

Number of shares and options held by the senior management as of December 31, 2012[1]

Name	Position	Total number of shares 2012	Total number of call options 2012
Bernard Fontana	CEO		33,550
Thomas Aebischer	Member of the Executive Committee, CFO	6,116	46,995
Paul Hugentobler	Member of the Executive Committee	78,495	134,515
Roland Köhler	Member of the Executive Committee	12,022	81,194
Andreas Leu	Member of the Executive Committee	13,133	59,784
Bernard Terver	Member of the Executive Committee	17,762	28,894
Ian Thackwray	Member of the Executive Committee	5,527	59,642
Horia Adrian	Area Manager	1,359	
Javier de Benito	Area Manager	21,966	25,201
Urs Fankhauser	Area Manager	4,810	4,491
Aidan Lynam	Area Manager	5,606	9,299
Onne van der Weijde	Area Manager	1,836	
Kaspar E.A. Wenger	Area Manager	19,660	
Urs Bleisch	Corporate Functional Manager	2,837	
Jacques Bourgon	Corporate Functional Manager	6,141	25,022
Total senior management		**197,270**	**508,587**

Notes:

(1) From allocation, shares are subject to a five-year and options to a three-year and nine-year sale restriction period respectively.

(2) Since July 1, 2013.

The total number of shares and call options include both privately acquired shares and call options, and those allocated under the Group's profit-sharing and compensation schemes. Options are issued solely on registered shares of Holcim Ltd.

Other transactions

As part of the employee share purchase plan, Holcim manages employees' shares. It sells and purchases Holcim Ltd shares to and from employees and on the open market. In this context, the company purchased Holcim Ltd shares of CHF 0.1 million (2012: 0.7) at the stock market price from members of senior management.

No compensation was paid or loans granted to parties closely related to members of the governing bodies.

43 Events after the reporting period

On January 22, 2014, Holcim Finance (Luxembourg) S.A. issued a EUR 500 million bond with a coupon of 3.0 percent and a tenor of 10 years, guaranteed by Holcim Ltd. The proceeds were used to refinance existing debt and for general corporate purposes.

44 Authorization of the financial statements for issuance

The consolidated financial statements were authorized for issuance by the Board of Directors of Holcim Ltd on February 25, 2014, and are subject to shareholder approval at the annual general meeting of shareholders scheduled for April 29, 2014.

Principal companies of the Holcim Group

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Asia Pacific	ACC Limited	India	INR	1,879,518	50.3%
	Ambuja Cements Ltd.	India	INR	3,091,719	50.5%
	Holcim (Lanka) Ltd	Sri Lanka	LKR	4,458,021	98.9%
	Holcim Cements (Bangladesh) Ltd.	Bangladesh	BDT	8,824	74.2%
	Holcim (Malaysia) Sdn Bhd	Malaysia	MYR	10,450	100.0%
	Holcim (Singapore) Ltd	Singapore	SGD	44,322	90.8%
	PT Holcim Indonesia Tbk.	Indonesia	IDR	3,645,034,000	80.6%
	Holcim (Vietnam) Ltd	Vietnam	USD	189,400	65.0%
	Holcim Philippines Inc.	Philippines	PHP	6,452,099	85.7%
	Cement Australia Holdings Pty Ltd[(1)]	Australia	AUD	390,740	50.0%
	Holcim (Australia) Holdings Pty Ltd	Australia	AUD	1,145,867	100.0%
	Holcim (New Zealand) Ltd	New Zealand	NZD	22,004	100.0%
Latin America	Holcim Apasco S.A. de C.V.	Mexico	MXN	10,513,086	100.0%
	Holcim El Salvador S.A. de C.V.	El Salvador	USD	78,178	95.1%
	Holcim (Costa Rica) S.A.	Costa Rica	CRC	8,577,370	60.0 %
	Holcim (Nicaragua) S.A.	Nicaragua	NIO	19,469	80.0%
	Holcim (Colombia) S.A.	Colombia	COP	72,536,776	99.8%
	Holcim (Ecuador) S.A.	Ecuador	USD	102,405	92.2%
	Holcim (Brasil) S.A.	Brazil	BRL	455,675	99.9%
	Holcim (Argentina) S.A.	Argentina	ARS	352,057	79.6%
	Cemento Polpaico S.A.	Chile	CLP	7,675,262	54.3%
Europe	Holcim (France) S.A.S.	France	EUR	96,971	100.0%
	Holcim (Belgique) S.A.	Belgium	EUR	750,767	100.0%
	Holcim (España) S.A.	Spain	EUR	177,772	99.9%
	Holcim Trading S.A.	Spain	EUR	19,600	100.0%
	Aggregate Industries Ltd	United Kingdom	GBP	0	100.0%
	Holcim (Deutschland) AG	Germany	EUR	47,064	100.0%
	Holcim (Süddeutschland) GmbH	Germany	EUR	6,450	100.0%
	Holcim (Schweiz) AG	Switzerland	CHF	71,100	100.0%
	Holcim Group Services Ltd	Switzerland	CHF	1,000	100.0%
	Holcim Technology Ltd	Switzerland	CHF	10,000	100.0%
	Holcim Gruppo (Italia) S.p.A.	Italy	EUR	115,103	100.0%
	Holcim (Česko) a.s.	Czech Republic	CZK	486,297	100.0%
	Holcim (Slovensko) a.s.	Slovakia	EUR	42,346	98.0%
	Holcim Magyarország Kft.	Hungary	HUF	481,862	99.9%
	Holcim (Hrvatska) d.o.o.	Croatia	HRK	243,852	99.9%
	Holcim (Serbia) d.o.o.	Serbia	CSD	2,300,000	100.0%
	Holcim (Romania) S.A.	Romania	RON	274,243	99.7%
	Holcim (Bulgaria) AD	Bulgaria	BGN	1,093	100.0%
	Holcim (Rus) OAO	Russia	RUB	347	89.8%
	Holcim (Azerbaijan) O.J.S.C.	Azerbaijan	AZN	31,813	70.2%

Note:

(1) Joint operation, proportionate consolidation.

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
North America	Holcim (US) Inc.	USA	USD	0	100.0%
	Aggregate Industries Management Inc.	USA	USD	121	100.0%
	Holcim (Canada) Inc.	Canada	CAD	91,201	100.0%
Africa Middle East	Holcim (Maroc) S.A.	Morocco	MAD	494,626	61.0%
	Ciments de Guinée S.A.	Guinea	GNF	46,393,000	59.9%
	Société de Ciments et Matériaux	Ivory Coast	XOF	912,940	99.9%
	Holcim (Liban) S.A.L.	Lebanon	LBP	195,160,400	52.1%
	Holcim (Outre-Mer) S.A.S.	La Réunion	EUR	37,748	100.0%

Listed Group companies

Region	Company	Domicile	Place of listing	Market capitalization at December 31, 2013 in local currency		Security code number
Asia Pacific	ACC Limited	Mumbai	Mumbai	INR	208,162 million	INE012A01025
	Ambuja Cements Ltd.	Mumbai	Mumbai	INR	282,506 million	INE079A01024
	PT Holcim Indonesia Tbk.	Jakarta	Jakarta	IDR	17,433,098 million	ID1000072309
	Holcim Philippines Inc.	Manila	Manila	PHP	100,008 million	PHY3232G1014
Latin America	Holcim (Costa Rica) S.A.	San José	San José	CRC	173,692 million	CRINC00A0010
	Holcim (Ecuador) S.A.	Guayaquil	Quito, Guayaquil	USD	1,434 million	ECP516721068
	Holcim (Argentina) S.A.	Buenos Aires	Buenos Aires	ARS	1,313 million	ARP6806N1051
	Cemento Polpaico S.A.	Santiago	Santiago	CLP	101,893 million	CLP2216J1070
Africa Middle East	Holcim (Maroc) S.A.	Rabat	Casablanca	MAD	6,147 million	MA0000010332
	Holcim (Liban) S.A.L.	Beirut	Beirut	USD	304 million	LB0000012833

Principal finance and holding companies

Company	Place	Nominal share capital in 000		Participation (voting right)
Holcim Ltd[1]	Switzerland	CHF	654,173	100.0 %
Aggregate Industries Holdings Limited	United Kingdom	GBP	339,563	100.0 %
Holcibel S.A.	Belgium	EUR	976,000	100.0 %
Holchin B.V.	Netherlands	EUR	20	100.0 %
Holcim Auslandbeteiligungs GmbH (Deutschland)	Germany	EUR	2,557	100.0 %
Holcim Beteiligungs GmbH (Deutschland)	Germany	EUR	102,000	100.0 %
Holcim Capital Corporation Ltd.	Bermuda	USD	2,630	100.0 %
Holcim Capital México, S.A. de C.V.	Mexico	MXN	50	100.0 %
Holcim Capital (Thailand) Ltd.	Thailand	THB	1,100	100.0 %
Holcim European Finance Ltd.	Bermuda	EUR	25	100.0 %
Holcim Finance (Australia) Pty Ltd	Australia	AUD	0	100.0 %
Holcim Finance (Belgium) S.A.	Belgium	EUR	62	100.0 %
Holcim Finance (Canada) Inc.	Canada	CAD	0	100.0 %
Holcim Finance (Luxembourg) S.A.	Luxembourg	EUR	1,900	100.0 %
Holcim GB Finance Ltd.	Bermuda	GBP	8	100.0 %
Holcim (India) Private Limited	India	INR	56,903,850	100.0 %
Holcim Investments (France) SAS	France	EUR	15,552	100.0 %
Holcim Investments (Spain) S.L.	Spain	EUR	173,834	100.0 %
Holcim Overseas Finance Ltd.	Bermuda	CHF	16	100.0 %
Holcim Participations (UK) Limited	United Kingdom	GBP	690,000	100.0 %
Holcim Participations (US) Inc.	USA	USD	67	100.0 %
Holcim US Finance S.à r.l. & Cie S.C.S.	Luxembourg	USD	20	100.0 %
Holderfin B.V.	Netherlands	EUR	3,772	100.0 %
Holderind Investments Ltd.	Mauritius	USD	130,000	100.0 %
Vennor Investments Pty Ltd	Australia	AUD	30,115	100.0 %

Note:

(1) Holcim Ltd, Zürcherstrasse 156, CH-8645 Jona

Principal joint ventures and associated companies

Region	Company	Country of incorporation or residence	Participation (voting right)
Asia Pacific	Huaxin Cement Co. Ltd.	China	41.9%
	Siam City Cement Public Company Limited[1]	Thailand	27.5%
Africa Middle East	Lafarge Cement Egypt S.A.E.	Egypt	43.7%
	United Cement Company of Nigeria Ltd	Nigeria	35.9%

Note:

(1) Joint venture

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

Report of the auditors of Holcim Ltd on the consolidated financial statements as of and for the year ended December 31, 2012

To the General Meeting of Holcim Ltd, Jona

Zurich, February 25, 2013

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Holcim Ltd, which comprise the consolidated statement of income, consolidated statement of comprehensive earnings, consolidated statement of financial position, statement of changes in consolidated equity, consolidated statement of cash flows and notes on pages F-183 to F-256 for the year ended December 31, 2012.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2012, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with Art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors. We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Willy Hofstetter	Elisa Alfieri
Licensed Audit Expert	Licensed Audit Expert
Auditor in charge	

Consolidated Financial Statements as of and for the year ended December 31, 2012

Consolidated statement of income of Group Holcim

	Notes	2012	2011
		Million CHF	
Net sales	5, 6	**21,544**	**20,744**
Production cost of goods sold	7	(12,752)	(12,216)
Gross profit		**8,793**	**8,528**
Distribution and selling expenses	8	(5,501)	(5,226)
Administration expenses		(1,475)	(1,369)
Operating profit		**1,816**	**1,933**
Other income	11	207	69
Share of profit of associates	22	115	149
Financial income	12	233	191
Financial expenses	13	(786)	(1,210)
Net income before taxes		**1,585**	**1,131**
Income taxes	14	(558)	(449)
Net income		**1,026**	**682**
Attributable to:			
Shareholders of Holcim Ltd		622	275
Non-controlling interest		404	408
Earnings per share in CHF			
Earnings per share	16	1.92	0.86
Fully diluted earnings per share	16	1.92	0.86

Consolidated statement of comprehensive earnings of Group Holcim

	Notes	2012	2011
		Million CHF	
Net income		**1,026**	**682**
Other comprehensive earnings			
Currency translation effects			
Exchange differences on translation		(533)	(1,247)
Realized through statement of income		3	108
Tax effect		17	3
Available-for-sale financial assets			
Change in fair value		2	(2)
Realized through statement of income	25	(63)	(55)
Tax effect			
Cash flow hedges			
Change in fair value		(15)	(3)
Realized through statement of income		3	
Tax effect			(1)
Net investment hedges in subsidiaries			
Change in fair value		(1)	2
Realized through statement of income			
Tax effect			
Total other comprehensive earnings		**(586)**	**(1,195)**
Total comprehensive earnings		**441**	**(513)**
Attributable to:			
Shareholders of Holcim Ltd		152	(606)
Non-controlling interest		289	93

Consolidated statement of financial position of Group Holcim

	Notes	31.12.2012	31.12.2011
		Million CHF	
Cash and cash equivalents	17	3,145	2,946
Marketable securities		1	4
Accounts receivable	18	2,717	2,719
Inventories	19	2,042	2,086
Prepaid expenses and other current assets	20	403	382
Assets classified as held for sale		56	16
Total current assets		**8,363**	**8,154**
Long-term financial assets	21	557	561
Investments in associates	22	1,289	1,425
Property, plant and equipment	23	22,026	22,933
Intangible assets	24	8,258	8,453
Deferred tax assets	31	417	490
Other long-term assets	25	521	539
Total long-term assets		**33,068**	**34,400**
Total assets		**41,431**	**42,554**
Trade accounts payable	27	2,316	2,547
Current financial liabilities	28	3,599	2,820
Current income tax liabilities		443	418
Other current liabilities		1,742	1,667
Short-term provisions	32	299	242
Total current liabilities		**8,399**	**7,695**
Long-term financial liabilities	28	9,908	11,675
Defined benefit obligations	33	305	285
Deferred tax liabilities	31	1,820	2,061
Long-term provisions	32	1,162	1,181
Total long-term liabilities		**13,195**	**15,202**
Total liabilities		**21,594**	**22,897**
Share capital	36	654	654
Capital surplus		8,573	8,894
Treasury shares	36	(114)	(486)
Reserves		7,836	7,768
Total equity attributable to shareholders of Holcim Ltd		**16,949**	**16,830**
Non-controlling interest		2,889	2,827
Total shareholders' equity		**19,837**	**19,656**
Total liabilities and shareholders' equity		**41,431**	**42,554**

Consolidated statement of changes in equity of Group Holcim

	Share capital	Capital surplus	Treasury shares	Retained earnings
		Million CHF		
Equity as at January 1, 2012	**654**	**8,894**	**(486)**	**15,785**
Net income				622
Other comprehensive earnings				
Total comprehensive earnings				622
Payout		(325)		
Change in treasury shares			342	(49)
Share-based remuneration		4	11	
Capital paid-in by non-controlling interest				
Acquisition of participation in Group companies				
Change in participation in existing Group companies			18	(36)
Equity as at December 31, 2012	**654**	**8,573**	**(114)**	**16,322**
Equity as at January 1, 2011	**654**	**9,371**	**(476)**	**15,688**
Net income				275
Other comprehensive earnings				
Total comprehensive earnings				275
Payout		(480)		
Change in treasury shares			(21)	
Share-based remuneration		3	11	1
Capital paid-in by non-controlling interest				
Acquisition of participation in Group companies				
Change in participation in existing Group companies				(179)
Equity as at December 31, 2011	**654**	**8,894**	**(486)**	**15,785**

Consolidated statement of changes in equity of Group Holcim

Available-for-sale reserve	Cash flow hedging reserve	Currency translation adjustments	Total reserves	Total equity attributable to shareholders of Holcim Ltd	Non-controlling interest	Total shareholders' equity
193	**4**	**(8,214)**	**7,768**	**16,830**	**2,827**	**19,656**
			622	622	404	1,026
(61)	(12)	(397)	(470)	(470)	(115)	(586)
(61)	(12)	(397)	152	152	289	441
				(325)	(218)	(543)
			(49)	293		293
		1	1	16		16
					16	16
			(36)	(18)	(26)	(43)
132	**(7)**	**(8,611)**	**7,836**	**16,949**	**2,889**	**19,837**
249	**7**	**(7,392)**	**8,552**	**18,101**	**3,020**	**21,121**
			275	275	408	682
(56)	(3)	(822)	(881)	(881)	(315)	(1,195)
(56)	(3)	(822)	(606)	(606)	93	(513)
				(480)	(226)	(706)
				(21)		(21)
			1	15	1	16
					32	32
					23	23
			(179)	(179)	(116)	(295)
193	**4**	**(8,214)**	**7,768**	**16,830**	**2,827**	**19,656**

Consolidated statement of cash flows of Group Holcim

	Notes	2012	2011
		Million CHF	
Net income before taxes		**1,585**	**1,131**
Other income	11	(207)	(69)
Share of profit of associates	22	(115)	(149)
Financial expenses net	12, 13	553	1,020
Operating profit		**1,816**	**1,933**
Depreciation, amortization and impairment of operating assets	9	2,168	2,025
Other non-cash items		425	242
Change in net working capital		(554)	(259)
Cash generated from operations		**3,855**	**3,941**
Dividends received		69	137
Interest received		160	132
Interest paid		(711)	(701)
Income taxes paid		(663)	(705)
Other expenses		(29)	(52)
Cash flow from operating activities (A)		**2,682**	**2,753**
Purchase of property, plant and equipment		(1,740)	(1,776)
Disposal of property, plant and equipment		120	138
Acquisition of participation in Group companies		(2)	(137)
Disposal of participation in Group companies		239	5
Purchase of financial assets, intangible and other assets		(186)	(242)
Disposal of financial assets, intangible and other assets		334	221
Cash flow from investing activities (B)	**39**	**(1,235)**	**(1,791)**
Payout on ordinary shares	16	(325)	(480)
Dividends paid to non-controlling interest		(219)	(234)
Capital paid-in by non-controlling interest		16	32
Movements of treasury shares	36	293	(21)
Proceeds from current financial liabilities		7,314	6,232
Repayment of current financial liabilities		(7,183)	(6,301)
Proceeds from long-term financial liabilities		5,209	4,067
Repayment of long-term financial liabilities		(6,169)	(4,298)
Increase in participation in existing Group companies		(66)	(390)
Decrease in participation in existing Group companies		0	27
Cash flow from financing activities (C)		**(1,130)**	**(1,366)**
In(De)crease in cash and cash equivalents (A + B + C)		**317**	**(405)**
Cash and cash equivalents as at January 1 (net)	**17**	**2,497**	**3,069**
In(De)crease in cash and cash equivalents		317	(405)
Currency translation effects		(78)	(168)
Cash and cash equivalents as at December 31 (net)	**17**	**2,737**	**2,497**

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Adoption of revised and new International Financial Reporting Standards and interpretations

In 2012, Group Holcim adopted no new or revised standards or interpretations relevant to the Group.

In 2013, Group Holcim will adopt the following new and amended standards and interpretations relevant to the Group:

IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IAS 1 (amended)	*Presentation of Items of Other Comprehensive Income*
IAS 19 (revised)	*Employee Benefits*
IAS 28 (revised)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*
Improvements to IFRSs	*Clarifications of existing IFRSs (issued in May 2012)*

IFRS 10, which replaces IAS 27 Consolidated and Separate Financial Statements, introduces a single consolidation model applicable to all investees. That model states that the investor consolidates an investee when it has control over the investee, i.e. when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The adoption of this new standard will not materially impact the Group’s financial statements.

IFRS 11, which replaces IAS 31 Interests in Joint Ventures, will require companies to classify joint arrangements as either a joint operation or as a joint venture, based on the rights and obligations arising from the joint arrangement. The standard also requires companies to apply the equity method of accounting for interests in joint ventures. As a consequence thereof, Holcim will be unable to continue to apply the proportionate method of consolidation for such entities. Based on the joint ventures held in 2012, had the Group applied IFRS 11 for the current year, net sales would have decreased by about CHF 367 million, operating profit would have decreased by approximately CHF 59 million and total assets and liabilities would have decreased by about CHF 214 million and CHF 135 million, respectively. However, any impact on equity and net income attributable to shareholders of Holcim Ltd would have been immaterial.

IFRS 12 sets out the disclosure requirements for IFRS 10, IFRS 11 and IAS 28. This standard is disclosure related only. The Group is in the process of evaluating whether the current disclosures will need to be expanded.

IFRS 13 provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. The new standard does not change the IFRS as to when an entity is required to use fair value. The adoption of this new standard will not materially impact the Group's financial statements.

IAS 1 (amended) requires companies to group items presented in other comprehensive earnings on the basis of whether they are potentially reclassifiable to profit or loss subsequently. As such, the amendment will only impact the presentation of certain items in the Group's statement of comprehensive earnings.

According to IAS 19 (revised), Group companies will not be able to defer actuarial gains and losses and subsequently amortize them to profit or loss by applying the corridor method but instead will be required to recognize such changes immediately in other comprehensive earnings. No reclassification of these amounts will be permitted in future periods. In addition, the expected return on plan assets has been removed and instead companies will be required to calculate a net interest expense on the net defined benefit liability and recognize the resulting cost in the income statement. Based on the 2012 results, Holcim believes that had the Group applied IAS 19 (revised) for the current year, the approximate financial impacts would have been as follows:

The net interest component of personnel expenses would have increased by approximately CHF 27 million as a result of the removal of the expected return on plan assets. The increase in net interest expense is more than offset with the elimination of the amortization of the actuarial losses of CHF 29 million, and after adjusting for other negative impacts of about CHF 4 million, operating profit would have decreased by about CHF 2 million.

The derecognition of unrecognized actuarial losses and past service costs at 1 January 2012, including the related deferred tax impact, would have resulted in a decrease in retained earnings of about CHF 475 million. Other comprehensive earnings, including the deferred tax effect, would have decreased by about CHF 52 million largely due to the immediate recognition of net actuarial losses relating to defined benefit obligations and the remeasurement of plan assets for the current year.

The defined benefit obligations in the statement of financial position of Group Holcim would have increased by about CHF 700 million as a result of the removal of the corridor method; accordingly, deferred tax assets would have increased by approximately CHF 162 million.

The approximate impacts mentioned above should not be considered predictive for future years considering the volatility of the underlying nature of the defined benefit pension plans and other post-employment benefit plans.

IAS 28 (revised) has been consequentially revised to include joint ventures in its scope as a result of IFRS 11 which requires such entities to be equity accounted in accordance with IAS 28 (revised).

IFRIC 20 states that costs incurred to remove waste materials (overburden) to gain access to raw material is recognized as an asset and is depreciated over the expected useful life of the area exposed as a result of the stripping activity based on the unit-of-production method. Since Holcim applies such an accounting policy, IFRIC 20 will not impact the Group's financial statements.

The improvements to IFRSs relate largely to clarification issues only. Therefore, the adoption of these amendments will not materially impact the Group's financial statements.

In 2015, Group Holcim will adopt the following new standard relevant to the Group:

IFRS 9	*Financial Instruments*

IFRS 9 will ultimately replace IAS 39. Classification and measurement of financial assets and financial liabilities represents the first part of the new standard. This standard will require financial assets to be classified on initial recognition at either amortized cost or fair value. For financial liabilities, the new standard retains most of the current IAS 39 requirements. Therefore, the effect of applying the first part of this new standard will have no material impact on the Group's financial statements.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates.

Critical estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate primarily to goodwill, and to a lesser extent, defined benefit obligations, deferred tax assets, site restoration and other long-term provisions, depreciation of property, plant and equipment and disclosure of contingent liabilities at the end of the reporting period. The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on plan assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty (note 33).

The Group tests annually whether goodwill has suffered any impairment in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 24).

All estimates mentioned above are further detailed in the corresponding disclosures.

Scope of consolidation

The consolidated financial statements comprise those of Holcim Ltd and of its subsidiaries, including joint ventures. The list of principal companies is presented in the section "Principal companies of the Holcim Group".

Principles of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations, are consolidated. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given at the date of exchange. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the statement of income. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest assumed.

When Group Holcim acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

If the business combination is achieved in stages, the fair value of Group Holcim's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions and balances between Group companies are eliminated in full.

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the non-controlling shareholders mainly as part of a business combination. If the Group has acquired a present ownership interest as part of a business combination, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the non-controlling interest recognized directly as goodwill. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and therefore any excess arising should follow the accounting treatment as in a business combination. All subsequent fair value changes of the financial liability are recognized in profit or loss and no earnings are attributed to the non-controlling interest. However, where the Group has not acquired a present ownership interest as part of a business combination, the non-controlling interest continues to receive an allocation of profit or loss and is reclassified as a financial liability at each reporting date as if the acquisition took place at that date. Any excess over the reclassified carrying amount of the non-controlling interest and all subsequent fair value changes of the financial liability are recognized directly in retained earnings.

The Group's interest in jointly controlled entities is consolidated using the proportionate method of consolidation. Under this method, the Group records its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows in the consolidated financial statements on a line-by-line basis. All transactions and balances between the Group and joint ventures are eliminated to the extent of the Group's interest in the joint ventures.

Investments in associated companies are accounted for using the equity method of accounting. These are companies over which the Group generally holds between 20 and 50 percent of the voting rights and has significant influence but does not exercise control. Goodwill arising from the acquisition is included in the carrying amount of the investment in associated companies. Equity accounting is discontinued when the carrying amount of the investment together with any long-term interest in an associated company reaches zero, unless the Group has in addition either incurred or guaranteed additional obligations in respect of the associated company.

Foreign currency translation

The individual financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Statements of income of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and statements of financial position are translated at exchange rates prevailing on December 31.

Goodwill arising from the acquisition of a foreign entity is expressed in the functional currency of the foreign operation and is translated at the closing rate.

Foreign currency transactions translated into the functional currency are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except when deferred outside the statement of income as qualifying cash flow hedges or net investment hedges.

Exchange differences arising on monetary items that form part of a company's net investment in a foreign operation are reclassified to equity (currency translation adjustment) in the consolidated financial statements and are fully recycled to the statement of income when Group Holcim loses control of a subsidiary, loses joint control over a joint venture or loses significant influence in an associate. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of income as part of the net gain or loss on sale, except for a partial disposal of a subsidiary without loss of control.

Segment information

Segment information is presented in respect of the Group's reportable segments.

For management purposes, the Group is organized by geographical areas and has five reportable segments based on location of assets as follows:

Asia Pacific
Latin America
Europe
North America
Africa Middle East

Each of the above reportable segments derives its revenues from the sale of cement, aggregates and other construction materials and services.

The Group has three product lines:

Cement, which comprises clinker, cement and other cementitious materials
Aggregates
Other construction materials and services, which comprises ready-mix concrete, concrete products, asphalt, construction and paving, trading and other products and services

Group financing (including financing costs and financing income) and income taxes are managed on a Group basis and are not allocated to any reportable segments.

Transfer prices between segments are set on an arms-length basis in a manner similar to transactions with third parties. Segment revenue and segment result include transfers between segments. Those transfers are eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents are financial assets. Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term, highly liquid investments, net of bank overdrafts.

Marketable securities

Marketable securities consist primarily of debt and equity securities which are traded in liquid markets and are classified as available-for-sale. They are carried at fair value with all fair value changes recorded in other comprehensive earnings until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in other comprehensive earnings is reclassified from equity to the statement of income.

Accounts receivable

Trade accounts receivable are carried at the original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts of the financial asset at the year end.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials and additives, direct labor, other direct costs and related production overheads. Cost of inventories includes transfers from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

Long-term financial assets

Long-term financial assets consist of (a) investments in third parties, (b) long-term receivables from associates, (c) long-term receivables from third parties, and (d) long-term derivative assets. Investments in third parties are classified as available-for-sale and long-term receivables from associates and third parties are classified as loans and receivables. A loan or receivable may also be designated as available-for-sale. Long-term derivative assets are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 Financial Instruments: Recognition and Measurement, in which case they will be classified as held for trading.

All purchases and sales of investments are recognized on trade date, which is the date that the Group commits to purchase or sell the asset. Purchase cost includes transaction costs, except for derivative instruments. Loans and receivables are measured at amortized cost using the effective interest method. Available-for-sale investments are carried at fair value, while held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale investments are included in other comprehensive earnings until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in other comprehensive earnings is reclassified from equity to the statement of income.

Property, plant and equipment

Property, plant and equipment is valued at acquisition or construction cost less depreciation and impairment loss. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Land	No depreciation except on land with raw material reserves
Buildings and installations	20 to 40 years
Machinery	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Group in future periods and the cost of the item can be measured reliably. Costs include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. All other repairs and maintenance expenses are charged to the statement of income during the period in which they are incurred.

Mineral reserves, which are included in the class "land" of property, plant and equipment, are valued at cost and are depreciated based on the unit-of-production method over their estimated commercial lives.

Costs incurred to gain access to mineral reserves are capitalized and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves.

Interest cost on borrowings to finance construction projects, which necessarily takes a substantial period of time to get ready for their intended use, are capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Government grants received are deducted from property, plant and equipment and reduce the depreciation charge accordingly.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is capitalized at the date of the commencement of the lease term at the present value of the minimum future lease payments or, if lower, at an amount equal to the fair value of the leased asset as determined at the inception of the lease. The corresponding lease obligations, excluding finance charges, are included in either current or long-term financial liabilities.

For sale-and-lease-back transactions, the book value of the related property, plant or equipment remains unchanged. Proceeds from a sale are included as a financing liability and the financing costs are allocated over the term of the lease in such a manner that the costs are reported over the relevant periods.

Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries and interests in joint ventures is included in intangible assets. Such goodwill is tested annually for impairment or whenever there are impairment indicators and is carried at cost less accumulated impairment losses. Goodwill on acquisitions of associates is included in investments in associates. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

On disposal of a subsidiary, associate or joint venture, the related goodwill is included in the determination of profit or loss on disposal.

Goodwill on acquisitions of subsidiaries and interests in joint ventures is allocated to cash generating units for the purpose of impairment testing (note 24). Impairment losses relating to goodwill cannot be reversed in future periods.

Computer software

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and which will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are capitalized and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years.

Other intangible assets

Expenditure on acquired patents, trademarks and licenses is capitalized and amortized using the straight-line method over their estimated useful lives, but not exceeding 20 years.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Group estimates the recoverable amount of the smallest cash generating unit to which the non-financial asset belongs. The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. If the recoverable amount of a non-financial asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset or cash generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for that non-financial asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of income.

Impairment of financial assets

At each reporting date, the Group assesses whether there is any indication that a financial asset may be impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any reversal of an impairment loss is recognized in profit or loss.

An impairment loss in respect of an available-for-sale financial asset is recognized in the statement of income and is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. Reversals of impairment losses on equity instruments classified as available-for-sale are recognized in other comprehensive earnings while reversals of impairment losses on debt instruments are recognized in profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the statement of income.

In relation to accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

Long-term financial liabilities

Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method, with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the statement of income over the term of the borrowings.

Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognized and included in shareholders' equity; the value of the conversion option is not remeasured in subsequent periods.

Long-term derivative liabilities are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 Financial Instruments: Recognition and Measurement, in which case they will be classified as held for trading.

Financial liabilities that are due within 12 months after the end of the reporting period are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until more than 12 months after the reporting period.

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantially enacted by the end of the reporting period are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences or unused tax losses can be utilized. Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures except where the Group is able to control the distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future.

Deferred tax is charged or credited in the statement of income, except when it relates to items credited or charged outside the statement of income, in which case the deferred tax is treated accordingly.

Site restoration and other environmental provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through operating costs over the life of the site to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to, or deducted from, the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition. All provisions are discounted to their present value.

Emission rights

The initial allocation of emission rights granted is recognized at nominal amount (nil value). Where a Group company has emissions in excess of the emission rights granted, it will recognize a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not intend to speculate with these in the open market.

Other provisions

A provision is recognized when there exists a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Employee benefits – Defined benefit plans

Some Group companies provide defined benefit pension plans for employees. Professionally qualified independent actuaries value the defined benefit obligations on a regular basis. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs.

Actuarial gains or losses are amortized based on the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized net actuarial losses and past service costs.

Employee benefits – Defined contribution plans

In addition to the defined benefit plans described above, some Group companies sponsor defined contribution plans based on local practices and regulations. The Group's contributions to defined contribution plans are charged to the statement of income in the period to which the contributions relate.

Employee benefits – Other long-term employment benefits

Other long-term employment benefits include long-service leave or sabbatical leave, medical aid, jubilee or other long-service benefits, long-term disability benefits and, if they are not due to be settled within twelve months after the year end, profit sharing, variable and deferred compensation.

The measurement of these obligations differs from defined benefit plans in that all actuarial gains and losses are recognized immediately and no corridor approach is applied.

Employee benefits – Equity compensation plans

The Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The amounts are charged to the statement of income over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting (note 33).

Non-controlling interest

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent company and is presented separately in the consolidated statement of income, in the consolidated statement of comprehensive earnings and within equity in the consolidated statement of financial position.

Changes in the ownership interest of a subsidiary that do not result in loss of control are accounted for as an equity transaction. Consequently, if Holcim acquires or partially disposes of a non-controlling interest in a subsidiary, without losing control, any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in retained earnings.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery has taken place and the transfer of risks and rewards of ownership has been completed.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive payment is established.

Certain activities of the Group are construction contract driven. Consequently, contract revenue and contract costs are recognized in the statement of income on the percentage of completion method, with the stage of completion being measured by reference to actual work performed to date.

Contingent liabilities

Contingent liabilities arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Holcim. They are accordingly only disclosed in the notes to the financial statements.

Financial instruments

Information about accounting for derivative financial instruments and hedging activities is included in the section "Risk management".

Risk management

Business risk management

Business Risk Management supports the Executive Committee and the management teams of the Group companies in their strategic decisions. Business Risk Management aims to systematically recognize major risks but also opportunities the company encounters. Potential risks are identified and evaluated at an early stage and constantly monitored. Countermeasures are then proposed and implemented at the appropriate level. All types of risk, from market, operations, finance and legal up to the external business environment, are considered including compliance and reputational aspects.

In addition to the Group companies, the Executive Committee and the Board of Directors are also involved in the assessment. The Group's risk profile is assessed from a variety of top-down and bottom-up angles. The Executive Committee reports regularly to the Board of Directors on important risk analysis findings and provides updates on the measures taken.

Financial risk management

The Group's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. Therefore, the Group does not enter into derivative or other financial transactions which are unrelated to its operating business. As such, a risk-averse approach is pursued.

Financial risk management within the Group is governed by policies approved by key management personnel. It provides principles for overall risk management as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing excess liquidity.

Market risk

Holcim is exposed to market risk, primarily relating to foreign exchange and interest rate risk. Management actively monitors these exposures. To manage the volatility relating to these exposures, Holcim enters into a variety of derivative financial instruments. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk. To manage liquid funds, it might write call options on assets it has or it might write put options on positions it wants to acquire and has the liquidity to acquire. Holcim, therefore, expects that any loss in value of those instruments generally would be offset by increases in the value of the underlying transactions.

Contractual maturity analysis

	Contractual undiscounted cash flows							
	Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Thereafter	Total	Carrying amount
				Million CHF				
2012								
Trade accounts payable..	2,179						2,179	2,179
Loans from financial institutions	1,428	317	232	223	67	183	2,450	2,456
Bonds, private placements and commercial paper notes .	2,197	1,689	1,077	887	1,332	3,658	10,840	10,888
Interest payments..........	594	497	345	303	258	770	2,767	
Finance leases...............	25	19	12	10	9	68	143	93
Derivative financial instruments net(1)...........	9	(14)	32	(16)	(12)	(30)	(31)	(40)
Total............................	**6,431**	**2,508**	**1,698**	**1,407**	**1,653**	**4,650**	**18,348**	
2011								
Trade accounts payable..	2,396						2,396	2,396
Loans from financial institutions	1,875	692	677	122	957	147	4,471	4,467
Bonds, private placements and commercial paper notes .	1,090	2,189	1,730	737	829	3,139	9,715	9,774
Interest payments..........	604	519	393	257	227	801	2,802	
Finance leases...............	34	21	10	5	5	58	133	97
Derivative financial instruments net(1)...........	(11)	95	(17)	38	(15)	(12)	78	69
Total............................	**5,989**	**3,517**	**2,792**	**1,160**	**2,003**	**4,133**	**19,594**	

Note:

(1) All derivative financial instruments are held for hedging. The contractual cash flows include both cash in- and outflows. Additional information is disclosed in note 30.

Liquidity risk

Group companies need a sufficient availability of cash to meet their obligations. Individual companies are responsible for their own cash surpluses and the raising of loans to cover cash deficits, subject to guidance by the Group and, in certain cases, for approval at Group level.

The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains sufficient reserves of cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the strong international creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

The maturity profile is based on contractual undiscounted amounts including both interest and principal cash flows and based on the earliest date on which Holcim can be required to pay.

Contractual interest cash flows relating to a variable interest rate are calculated based on the rates prevailing as of December 31.

Interest rate risk

Interest rate risk arises from movements in market interest rates which could affect the Group's financial result and market values of its financial instruments. The Group is primarily exposed to fluctuations in market interest rates on its financial liabilities at floating rates which may cause variations in the Group's financial result. The exposure is addressed through the management of the fixed/floating ratio of financial liabilities. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments based on notional amounts and agreed-upon fixed and floating interest rates.

Interest rate sensitivity

The Group's sensitivity analysis has been determined based on the interest rate exposure relating to the Group's financial liabilities at variable rate on a post hedge basis as at December 31.

A 1 percentage point change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

At December 31, a ±1 percentage point shift in interest rates, with all other assumptions held constant, would result in approximately CHF 38 million (2011: 50) of annual additional/ lower financial expenses before tax on a post hedge basis. The Group's sensitivity to interest rates is lower than last year mainly due to the fact that the ratio of financial liabilities at variable rates to total financial liabilities has decreased from 47 percent to 45 percent.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

Currency risk

The Group operates internationally in around 70 countries and therefore is exposed to foreign currency risks.

The translation of foreign operations into the Group reporting currency leads to currency translation effects. The Group may hedge certain net investments in foreign entities with foreign currency borrowings or other instruments. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. To the extent that the net investment hedge is effective, all foreign exchange gains or losses are recognized in equity and included in currency translation adjustments.

Due to the local nature of the construction materials business, transaction risk is limited. However, for many Group companies, income will be primarily in local currency whereas debt servicing and a significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, subsidiaries may enter into derivative contracts which are designated as either cash flow hedges or fair value hedges, as appropriate, but which do not include the hedging of forecasted transactions as it is not considered economical.

Currency sensitivity

The Group's sensitivity analysis has been determined based on the Group's net transaction exposure that arises on monetary financial assets and liabilities at December 31 that are denominated in a foreign currency other than the functional currency in which they are measured. The Group's net foreign currency transaction risk mainly arises from CHF, USD and EUR against the respective currencies the Group operates in.

A 5 percent change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates.

A ±5 percent change in the CHF, USD and EUR against the respective currencies the Group operates in would only have an immaterial impact on foreign exchange (loss) gains net on a post hedge basis in both the current and prior year.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

Equities and securities risk

In general, the Group does not hold or acquire any shares or options on shares or other equity products which are not directly related to the business of the Group.

Capital structure

The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase debt or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of the ratio of funds from operations as a percentage of net financial debt, gearing and the ratio of net financial debt to EBITDA.

Funds from operations is calculated as net income plus depreciation, amortization and impairment as shown in the consolidated statement of income. Net financial debt is calculated as financial liabilities less cash and cash equivalents as shown in the consolidated statement of financial position.

Gearing is calculated as net financial debt divided by total shareholders' equity as shown in the consolidated statement of financial position.

The net financial debt to EBITDA ratio is used as an indicator of financial risk and shows how many years it would take the Group to pay back its debt. The Group aims for a ratio of less than 2.8x.

During 2012, the Group's target, which was unchanged from 2011, was to maintain a ratio of funds from operations as a percentage of net financial debt of at least 25 percent and a gearing in the range of 80 to 100 percent in order to maintain a solid investment grade rating.

Due to an increase in net income and a decrease in net financial debt, the ratio of funds from operations/net financial debt increased.

The decrease in gearing arose due to the decrease in net financial debt and the increase in total shareholders' equity. Shareholders' equity increased by 0.9 percent during 2012 mainly as a result of net income.

The net financial debt to EBITDA ratio decreased from 2.7x in 2011 to 2.3x as a result of the decreased net financial debt and the increased EBITDA.

	2012	2011
	Million CHF	
Net income	1,026	682
Depreciation, amortization and impairment (note 9)	2,178	2,367
Funds from operations	3,204	3,049
Financial liabilities (note 28)	13,507	14,495
Cash and cash equivalents (note 17)	(3,145)	(2,946)
Net financial debt	10,362	11,549
Funds from operations/net financial debt	**30.9%**	**26.4%**

	2012	2011
	Million CHF	
Net financial debt	10,362	11,549
Total shareholders' equity	19,837	19,656
Gearing	**52.2%**	**58.8%**

	2012	2011
	Million CHF	
Net financial debt	10,362	11,549
EBITDA	4,415	4,264
Net financial debt/EBITDA	**2.3**	**2.7**

Credit risk

Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers.

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail to meet their obligations, given their high credit ratings. At year end Holcim has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position.

Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a firm commitment (cash flow hedge) or (d) a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the statement of income, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized outside the statement of income. Where the firm commitment results in the recognition of an asset, for example, property, plant and equipment, or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the statement of income and classified as revenue or expense in the same periods during which the cash flows, such as hedged firm commitments or interest payments, affect the statement of income.

Changes in the fair value of derivatives that are designated and qualify as net investment hedges and that are highly effective are recognized outside the statement of income and included in currency translation adjustments. The amounts deferred in equity are transferred to the statement of income on disposal of the foreign entity.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the statement of income as part of the financial result.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss recognized in equity at that time remains in equity until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income. In the case of a fair value hedge related to items carried at amortised cost, any valuation adjustment relating to a hedged item is amortized to profit or loss over the remaining life of the hedged item.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or to investments in foreign entities. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items including translation gains and losses in hedged foreign investments.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 30. Movements in the cash flow hedging reserve are shown in the statement of changes in consolidated equity of Group Holcim.

Fair value estimation

The fair value of publicly traded financial instruments is generally based on quoted market prices at the end of the reporting period.

For non-publicly traded financial instruments the fair value is determined by using a variety of methods, such as the discounted cash flow method and option pricing models. The valuation methods seek to maximize the use of observable market data existing at the end of the reporting period.

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

Fair values

	Carrying amount (based on measurement basis)				
	Amortized cost	**Fair value level 1**	**Fair value level 2**	**Total**	**Comparison fair value**
			Million CHF		
2012					
Current financial assets					
Cash and cash equivalents	3,145			3,145	3,145
Marketable securities		1[(1)]		1	1
Trade accounts receivable	2,395			2,395	2,395
Other receivables	62			62	62
Other current assets			88[(1)]	88	88
Derivative assets[(3)]			5	5	5
Long-term financial assets					
Long-term receivables	293			293	313
Other long-term assets			87[(1)]	87	87
Financial investments third parties	55[(2)]	3[(1)]	99[(1)]	157	157
Derivative assets[(3)]			106	106	106
Current financial liabilities					
Trade accounts payable	2,179			2,179	2,179
Current financial liabilities	3,575			3,575	3,575
Derivative liabilities[(3)]			24	24	24
Long-term financial liabilities					
Long-term financial liabilities	9,861			9,861	11,557
Derivative liabilities[(3)]			47	47	47

Notes:

(1) Available-for-sale.

(2) Financial investments measured at cost.

(3) Held for hedging.

	Carrying amount (based on measurement basis)				
	Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison fair value
			Million CHF		
2011					
Current financial assets					
Cash and cash equivalents	2,946			2,946	2,946
Marketable securities		4[(1)]		4	4
Trade accounts receivable	2,348			2,348	2,348
Other receivables	78			78	78
Other current assets			91[(1)]	91	91
Derivative assets[(3)]			5	5	5
Long-term financial assets					
Long-term receivables	330			330	345
Other long-term assets			177[(1)]	177	177
Financial investments third parties	45[(2)]	6[(1)]	96[(1)]	147	147
Derivative assets[(3)]			84	84	84
Current financial liabilities					
Trade accounts payable	2,396			2,396	2,396
Current financial liabilities	2,814			2,814	2,814
Derivative liabilities[(3)]			6	6	6
Long-term financial liabilities					
Long-term financial liabilities	11,523			11,523	13,120
Derivative liabilities[(3)]			152	152	152

Notes:

(1) Available-for-sale.

(2) Financial investments measured at cost.

(3) Held for hedging.

The table shows the carrying amounts and fair values of financial assets and liabilities. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the statement of financial position.

The levels of fair value hierarchy used are defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets.

Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of interest rate and currency

swaps is determined by discounting estimated future cash flows, and the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period.

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2012 and 2011 there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2012 and 2011.

Notes to the consolidated financial statements

1 Changes in the scope of consolidation

During 2012 there were no business combinations that were either individually material or that were considered material on an aggregated basis.

During 2011 there were several business combinations that were individually immaterial but considered material on an aggregated basis.

Newly included in 2011	Effective as at	Participation acquired
Lattimore Materials Company, L.P	March 4, 2011	51 percent
Východoslovenské stavebné hmoty, a.s	October 25, 2011	51 percent

The aggregated identifiable net assets and liabilities arising from the acquisitions in 2011 are disclosed in note 39. The amounts disclosed were determined provisionally and no adjustments were made in 2012.

The amount of the non-controlling interest recognized in 2011 amounted to CHF 23 million and was measured at the proportionate share of the acquirees' identifiable net assets at the date of acquisition.

The total goodwill arising from the transactions in 2011 was CHF 79 million. The goodwill was attributable to the favorable presence that the companies enjoy in their respective markets, including the good locations and strategic importance of mineral reserves. None of the goodwill recognized was expected to be deductible for income tax purposes.

In 2011, Holcim recognized a gain of CHF 27 million as a result of measuring at fair value its previously held equity interests in the acquired companies held before the business combinations. The gains were included in other income in Holcim's consolidated statement of income for the year ending December 31, 2011.

In 2011, the acquired companies contributed net sales of CHF 203 million and a negative net income of CHF 8 million to the Group from the date of acquisition to December 31, 2011. If the acquisitions had occurred on January 1, 2011, Group net sales and net income would have been CHF 126 million and CHF 10 million higher, respectively.

Holcim recognized acquisition-related costs of CHF 4 million in 2011 which was reflected as administration expenses in the consolidated statement of income.

An overview of the subsidiaries, joint ventures and associated companies is included in the section "Principal companies of the Holcim Group" on pages 197 to 199.

2 Principal exchange rates

The following table summarizes the principal exchange rates that have been used for translation purposes.

		Statement of income		Statement of financial position	
		Average exchange rates in CHF		Year-end exchange rates in CHF	
		2012	2011	31.12.2012	31.12.2011
1 Euro	EUR	1.21	1.24	1.21	1.22
1 US Dollar	USD	0.94	0.89	0.92	0.94
1 British Pound	GBP	1.48	1.42	1.48	1.45
1 Australian Dollar	AUD	0.97	0.92	0.95	0.96
100 Brazilian Real	BRL	48.06	53.23	44.76	50.46
1 Canadian Dollar	CAD	0.94	0.90	0.92	0.92
1,000 Indonesian Rupiah	IDR	0.10	0.10	0.09	0.10
100 Indian Rupee	INR	1.75	1.91	1.67	1.77
100 Moroccan Dirham	MAD	10.86	10.97	10.82	10.95
100 Mexican Peso	MXN	7.11	7.16	7.05	6.71

3 Information by reportable segment

	Asia Pacific		Latin America		Europe		North America		Africa Middle East		Corporate/ Eliminations		Total Group	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Capacity and sales														
Million t														
Annual cement production capacity	100.1	97.8	35.5	35.5	49.2	49.8	22.0	21.9	10.7	11.1			217.5	216.0
Sales of cement	79.2	75.6	24.9	24.2	26.3	26.8	12.0	11.4	8.4	8.7	(2.7)	(2.4)	148.0	144.3
- of which mature markets	4.7	4.7			15.2	16.5	12.0	11.4			(1.3)	(1.2)	30.7	31.4
- of which emerging markets	74.4	70.9	24.9	24.2	11.1	10.3			8.4	8.7	(1.4)	(1.2)	117.3	112.9
Sales of mineral components	1.1	1.2			2.3	2.4	1.4	1.5					4.8	5.1
Sales of aggregates	27.8	29.7	14.0	14.5	74.3	83.0	41.3	43.5	2.3	2.3			159.7	173.0
-of which mature markets	23.9	25.9			64.8	72.0	41.3	43.5					130.0	141.4
-of which emerging markets	3.9	3.8	14.0	14.5	9.5	11.0			2.3	2.3			29.7	31.7
Sales of asphalt					4.6	5.4	4.5	5.0					9.1	10.3
Million m^3														
Sales of ready-mix concrete	12.8	13.0	10.2	11.0	14.7	16.1	8.1	7.1	1.1	1.1			46.9	48.4
-of which mature markets	5.2	5.8			12.9	14.2	8.1	7.1					26.3	27.0
-of which emerging markets	7.5	7.2	10.2	11.0	1.8	1.9			1.1	1.1			20.6	21.3
Statement of income, statement of financial position and statement of cash flows														
Million CHF														
Net sales to external customers	8,560	7,681	3,356	3,195	5,405	5,922	3,276	2,987	947	959			21,544	20,744
Net sales to other segments	172	320	133	116	404	200					(710)	(636)		
Total net sales	8,732	8,001	3,490	3,310	5,809	6,122	3,276	2,987	947	959	(710)	(636)	21,544	20,744
- of which mature markets	2,613	2,431			4,643	5,026	3,276	2,987			(338)	(312)	10,196	10,132
- of which emerging markets	6,118	5,570	3,490	3,310	1,166	1,096			947	959	(372)	(324)	11,349	10,612
Operating EBITDA	1,876	1,700	958	888	627	930	480	346	278	312	(235)	(219)	3,984	3,958
- of which mature markets	429	404			329	640	480	346			(114)	(110)	1,124	1,280
- of which emerging markets	1,446	1,297	958	888	298	290			278	312	(120)	(109)	2,860	2,678
Operating EBITDA margin in %	21.5	21.2	27.5	26.8	10.8	15.2	14.7	11.6	29.4	32.6			18.5	19.1
Depreciation, amortization and impairment of operating assets	(543)	(516)	(251)	(206)	(987)	(884)	(316)	(346)	(59)	(51)	(11)	(22)	(2,168)	(2,025)
Operating profit (loss)	1,332	1,185	707	682	(360)	47	165	0	219	262	(246)	(241)	1,816	1,933
Operating profit (loss) margin in %	15.3	14.8	20.3	20.6	(6.2)	0.8	5.0	0.0	23.1	27.3			8.4	9.3
Depreciation, amortization and impairment of non-operating assets	(1)	(1)	0	(1)	(1)	(1)	(5)	0			(3)	(339)	(10)	(342)
Other (expenses) income	(54)	(42)	(145)	(139)	(35)	(57)	(29)	(25)	(18)	(18)	487	350	207	69
Share of profit of associates	9	10	(2)		23	24			0	0	86	114	115	149
Other financial income	18	44	8	9	18	21	1	2	0	0	53	7	99	83
EBITDA	1,849	1,715	819	759	634	920	458	322	260	295	394	253	4,415	4,264
Investments in associates	71	71	8	11	240	223			2	3	967	1,116	1,289	1,425
Net operating assets	8,548	8,885	3,677	3,817	8,602	8,512	6,465	6,736	785	660	53	179	28,130	28,790
Total assets	13,528	13,692	5,080	4,989	13,817	14,807	7,572	8,114	1,435	1,401	0	(450)	41,431	42,554
Total liabilities	3,887	4,019	2,939	2,783	6,569	7,092	4,298	5,610	720	696	3,181	2,697	21,594	22,897
Cash flow from operating activities	1,456	1,368	517	376	421	621	118	153	158	225	11	9	2,682	2,753
Cash flow margin in %	16.7	17.1	14.8	11.4	7.3	10.1	3.6	5.1	16.7	23.5			12.4	13.3
Acquisition cost segment assets[1]	750	652	312	296	501	645	111	115	81	76	8	8	1,764	1,792

	Asia Pacific		Latin America		Europe		North America		Africa Middle East		Corporate/ Eliminations		Total Group	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Cash flow from investing activities[2]	(613)	(754)	(311)	(233)	(468)	(680)	(112)	(117)	(82)	(76)	350	68	(1,235)	(1,791)
Impairment loss[3]	(5)	(12)	(35)	(8)	(444)	(351)	(10)	(32)			(2)	(338)	(496)	(741)
Personnel														
Number of personnel	38,267	37,942	11,765	12,867	17,924	19,602	7,136	7,543	2,153	2,140	858	873	78,103	80,967

Notes:

(1) Property, plant and equipment and intangible assets.

(2) Net investments in property, plant and equipment, Group companies, financial assets, intangible and other assets.

(3) Included in depreciation, amortization and impairment of operating and non-operating assets respectively.

Reconciling measures of profit and loss to the consolidated statement of income of Group Holcim

Million CHF	Notes	2012	2011
Operating profit		**1,816**	**1,933**
Depreciation, amortization and impairment of operating assets	9	2,168	2,025
Operating EBITDA		**3,984**	**3,958**
Dividends earned	11	1	3
Other ordinary income	11	216	70
Share of profit of associates	22	115	149
Other financial income	12	99	83
EBITDA		**4,415**	**4,264**
Depreciation, amortization and impairment of operating assets	9	(2,168)	(2,025)
Depreciation, amortization and impairment of non-operating assets	11	(10)	(4)
Interest earned on cash and marketable securities	12	133	108
Financial expenses	13	(786)	(1,210)
Net income before taxes		**1,585**	**1,131**

4 Information by product line

Million CHF	Cement(1) 2012	Cement(1) 2011	Aggregates 2012	Aggregates 2011	Other construction materials and services 2012	Other construction materials and services 2011	Corporate/ Eliminations 2012	Corporate/ Eliminations 2011	Total Group 2012	Total Group 2011
Statement of income, statement of financial position and statement of cash flows										
Net sales to external customers	12,877	12,050	1,620	1,632	7,047	7,062			21,544	20,744
Net sales to other segments	1,314	1,329	927	891	701	617	(2,942)	(2,837)		
Total net sales	14,191	13,379	2,547	2,523	7,748	7,680	(2,942)	(2,837)	21,544	20,744
– of which Asia Pacific	6,667	6,102	753	681	2,006	1,887	(694)	(670)	8,732	8,001
– of which Latin America	2,787	2,568	109	115	963	1,022	(369)	(395)	3,490	3,310
– of which Europe	2,633	2,723	1,167	1,243	2,810	3,005	(801)	(848)	5,809	6,122
– of which North America	1,383	1,226	475	459	1,798	1,614	(379)	(311)	3,276	2,987
– of which Africa Middle East	849	861	27	26	111	117	(39)	(44)	947	959
– of which Corporate/ Eliminations	(127)	(101)	15	0	61	35	(659)	(570)	(710)	(636)
Operating EBITDA	3,448	3,245	401	522	136	191			3,984	3,958
– of which Asia Pacific	1,620	1,454	150	166	105	80			1,876	1,700
– of which Latin America	904	813	24	35	29	40			958	888
– of which Europe	512	682	156	224	(41)	25			627	930
– of which North America	341	210	98	105	42	31			480	346
– of which Africa Middle East	273	303	4	4	0	5			278	312
– of which Corporate/ Eliminations	(203)	(217)	(32)	(11)	0	9			(235)	(219)
Operating EBITDA margin in %	24.3	24.3	15.7	20.7	1.8	2.5			18.5	19.1
Operating profit (loss)	2,062	1,969	(15)	122	(231)	(158)			1,816	1,933
Net operating assets	18,885	19,060	5,430	5,672	3,815	4,058			28,130	28,790
Acquisition cost segment assets(2)	1,290	1,309	231	258	231	223	12	2	1,764	1,792
Cash flow from investing activities(3)	(1,163)	(1,440)	(201)	(234)	(198)	(198)	328	82	(1,235)	(1,791)
Personnel										
Number of personnel	51,364	51,492	6,435	6,898	20,018	22,469	287	108	78,103	80,967

Notes:

(1) Cement, clinker and other cementitious materials.

(2) Property, plant and equipment and intangible assets.

(3) Net investments in property, plant and equipment, Group companies, financial assets, intangible and other assets.

5 Information by country

	Net sales to external customers		Non-current assets	
Million CHF	**2012**	**2011**	**2012**	**2011**
Switzerland	702	795	988	1,012
India	3,651	3,556	4,264	4,521
Australia	2,447	2,251	2,501	2,477
USA	1,959	1,806	5,489	5,829
United Kingdom	1,739	1,760	2,472	2,466
Remaining countries	11,047	10,576	14,571	15,080
Total Group	21,544	20,744	30,285	31,385

Net sales to external customers are based primarily on the location of assets (origin of sales).

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

6 Change in net sales

Million CHF	**2012**	**2011**
Volume and price	849	1 632
Change in structure	(18)	171
Currency translation effects	(31)	(2 712)
Total	**800**	**(909)**

7 Production cost of goods sold

Million CHF	**2012**	**2011**
Material expenses	(3,584)	(3,385)
Fuel expenses	(1,492)	(1,447)
Electricity expenses	(1,002)	(957)
Personnel expenses	(1,801)	(1,777)
Depreciation, amortization and impairment	(1,830)	(1,719)
Other production expenses	(3,141)	(2,905)
Change in inventory	98	(25)
Total	**(12,752)**	**(12,216)**

8 Distribution and selling expenses

Million CHF	2012	2011
Distribution expenses	(4,839)	(4,563)
Selling expenses	(663)	(662)
Total	**(5,501)**	**(5,226)**

9 Summary of depreciation, amortization and impairment

Million CHF	2012	2011
Production facilities	(1,830)	(1,719)
Distribution and sales facilities	(249)	(218)
Administration facilities	(90)	(88)
Total depreciation, amortization and impairment of operating assets (A)	**(2,168)**	**(2,025)**
Impairment of long-term financial assets	0	(338)
Impairment of investments in associates	(2)	0
Ordinary depreciation of non-operating assets	(3)	(4)
Unusual write-offs	(5)	0
Total depreciation, amortization and impairment of non-operating assets (B)	**(10)**	**(342)**
of which recognized in financial expenses	0	(338)
Total depreciation, amortization and impairment (A + B)	**(2,178)**	**(2,367)**
Of which depreciation of property, plant and equipment	(1,600)	(1,527)

10 Change in operating EBITDA

Million CHF	2012	2011
Volume, price and cost	34	(11)
Change in structure	2	11
Currency translation effects	(10)	(556)
Total	**26**	**(556)**

11 Other income

Million CHF	2012	2011
Dividends earned	1	3
Other ordinary income	216	70
Depreciation, amortization and impairment of non-operating assets	(10)	(4)
Total	**207**	**69**

In December 2012, Holcim reduced its shareholding in Siam City Cement Public Company Limited from 36.8 percent to 27.5 percent, while still maintaining joint control over the company. The pre-tax gain on the sale amounted to CHF 153 million and is included in "Other ordinary income". Total cash proceeds received amounted to CHF 237 million, which is included in "Disposal of participation in Group companies" in the consolidated statement of cash flows.

In 2011, the position "Other ordinary income" mainly included the gain from sale of property, plant and equipment and the gain from the remeasurement at fair value of previously held equity interest in acquired companies before business combinations.

12 Financial income

Million CHF	2012	2011
Interest earned on cash and marketable securities	133	108
Other financial income	99	83
Total	**233**	**191**

In 2012 the position "Other financial income" includes the partial realization of the change in fair value of the compensation related to the nationalization of Holcim Venezuela in the amount of USD 61 million (CHF 58 million), respectively USD 61 million (CHF 54 million) in 2011. Additional information is disclosed in note 25.

The remaining amounts in both years relate primarily to income from loans and receivables.

13 Financial expenses

Million CHF	2012	2011
Interest expenses	(653)	(655)
Fair value changes on financial instruments	0	(1)
Amortization on bonds and private placements	(13)	(9)
Unwinding of discount on provisions	(31)	(54)
Other financial expenses	(96)	(437)
Foreign exchange loss net	(24)	(95)
Financial expenses capitalized	29	40
Total	**(786)**	**(1,210)**
Of which associates	0	(415)

The average rate of interest of financial liabilities at December 31, 2012, was 4.5 percent (2011: 4.4).

The positions "Interest expenses" and "Other financial expenses" relate primarily to financial liabilities measured at amortized cost.

In 2011, the positions "Other financial expenses" and "Foreign exchange loss net" included an impairment charge and a reclassification of foreign exchange losses amounting to CHF 415 million recognized for AfriSam (Pty) Ltd as a result of the legal restructuring of that company in December 2011, which resulted in Group Holcim losing significant influence over that company.

The position "Financial expenses capitalized" comprises interest expenditures on large-scale projects during the reporting period.

Information about the Group's exposure to the risk of changes in market interest rates and foreign currency exchange rates is disclosed within the section "Risk management" on pages 148 and 149.

14 Income taxes

Million CHF	2012	2011
Current taxes	(693)	(600)
Deferred taxes	135	151
Total	**(558)**	**(449)**

Current taxes include an income of CHF 19 million (2011: 48) relating to prior years.

Deferred tax by type

Million CHF	2012	2011
Property, plant and equipment	(35)	(73)
Intangible and other long-term assets	10	(9)
Provisions	50	32
Tax losses carryforward	76	222
Other	34	(20)
Total	**135**	**151**

Reconciliation of tax rate

	2012	2011
Group's expected tax rate	31%	39%
Effect of non-deductible items	5%	7%
Effect of non-taxable items and income taxed at different tax rates	(7%)	(9%)
Effect on deferred tax balance due to changed tax rate	(1%)	(3%)
Net change of unrecognized tax loss carryforwards	10%	9%
Prior year taxes	(1%)	(4%)
Other items	(2%)	1%
Group's effective tax rate	**35%**	**40%**

The Group's expected tax rate is a weighted average tax rate based on profits (losses) before taxes of the Group companies. The decrease in the expected tax rate in 2012 is largely based on a change of the relative weight of the profit at the Group companies.

15 Research and development

Research and development projects are carried out with a view to generate added value for customers through end user oriented products and services. Additionally, process innovation aims at environmental protection and production system improvements. Research and development costs of CHF 33 million (2011: 8) were charged directly to the consolidated statement of income. No significant costs were incurred for licenses obtained from third parties, nor was any major revenue generated from licenses granted.

16 Earnings per share

	2012	2011
Earnings per share in CHF	**1.92**	**0.86**
Net income – shareholders of Holcim Ltd – as per statement of income (in million CHF)	622	275
Weighted average number of shares outstanding	323,849,497	319,802,593
Fully diluted earnings per share in CHF	**1.92**	**0.86**
Net income used to determine diluted earnings per share (in million CHF)	622	275
Weighted average number of shares outstanding	323,849,497	319,802,593
Adjustment for assumed exercise of share options	103,043	158,024
Weighted average number of shares for diluted earnings per share	323,952,540	319,960,617

In conformity with the decision taken at the annual general meeting on April 17, 2012, a cash payment out of the capital contribution reserves related to 2011 of CHF 1.00 per registered share has been paid. This resulted in a total payout of CHF 325 million.

A cash payment out of the capital contribution reserves in respect of the financial year 2012 of CHF 1.15 per registered share, amounting to a maximum payment of CHF 376 million, is to be proposed at the annual general meeting of shareholders on April 17, 2013. These consolidated financial statements do not reflect this cash payment, since it will be effective in 2013 only.

17 Cash and cash equivalents

Million CHF	2012	2011
Cash at banks and in hand	889	748
Short-term deposits	2,256	2,199
Total	**3,145**	**2,946**
Bank overdrafts	(408)	(450)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**2,737**	**2,497**

Cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term highly liquid investments.

Bank overdrafts are included in current financial liabilities.

18 Accounts receivable

Million CHF	2012	2011
Trade accounts receivable – associates	76	56
Trade accounts receivable – third parties	2,319	2,292
Other receivables – associates	10	8
Other receivables – third parties	307	359
Derivative assets	5	5
Total	**2,717**	**2,719**
Of which pledged/restricted	9	90

Overdue accounts receivable

Million CHF	2012	2011
Not overdue	2,136	2,224
Overdue 1 to 89 days	415	384
Overdue 90 to 180 days	122	85
Overdue more than 180 days	219	191
./. Allowances for doubtful accounts	(174)	(165)
Total	**2,717**	**2,719**

Due to the local nature of the business, specific terms and conditions for accounts receivable trade exist for local Group companies and as such Group guidelines are not required.

The overdue amounts relate to receivables where payment terms specified in the terms and conditions established with Holcim customers have been exceeded.

Allowance for doubtful accounts

Million CHF	2012	2011
January 1	**(165)**	**(183)**
Change in structure	(2)	0
Allowance recognized	(32)	(14)
Amounts used	9	6
Unused amounts reversed	0	2
Currency translation effects	15	24
December 31	**(174)**	**(165)**

19 Inventories

Million CHF	2012	2011
Raw materials and additives	278	297
Semifinished and finished products	1,029	941
Fuels	267	350
Parts and supplies	437	463
Unbilled services	30	36
Total	**2,042**	**2,086**

In 2012, the Group recognized inventory write-downs to net realizable value of CHF 13 million (2011: 2). The carrying amount of inventories carried at net realizable value was CHF 45 million (2011: 61).

20 Prepaid expenses and other current assets

This position includes a discounted installment of USD 96 million (CHF 88 million), relating to a compensation receivable from the Bolivarian Republic of Venezuela. In 2011 this amounted to USD 96 million (CHF 91 million). Additional information is disclosed in note 25.

21 Long-term financial assets

Million CHF	2012	2011
Financial investments – third parties	157	147
Long-term receivables – associates	197	201
Long-term receivables – third parties	97	128
Derivative assets	106	84
Total	**557**	**561**
Of which pledged/restricted	6	6

Long-term receivables and derivative assets are primarily denominated in CHF and USD. The repayment dates vary between one and 27 years.

22 Investments in associates

Million CHF	2012	2011
January 1	**1,425**	**1,432**
Share of profit of associates	115	149
Dividends earned	(68)	(137)
Net (disposals) additions	(135)	130
Reclassifications	(7)	(128)
Impairments	(2)	0
Currency translation effects	(39)	(21)
December 31	**1,289**	**1,425**

Sales to and purchases from associates amounted to CHF 160 million (2011: 146) and CHF 81 million (2011: 61), respectively.

The following amounts represent the Group's share of assets, liabilities, net sales and net income of associates:

Aggregated financial information – associates

Million CHF	2012	2011
Assets	2,875	2,917
Liabilities	(1,587)	(1,494)
Net assets	**1,288**	**1,423**
Net sales	1,693	1,654
Net income	115	143

Net income and net assets also reflect the unrecognized share of losses of associates where equity accounting is discontinued as the carrying amount of the investment reached zero. The unrecognized share of losses of associates amounts to zero (2011: 6). The accumulated unrecognized share of losses of associates amounts to CHF 1 million (2011: 2).

23 Property, plant and equipment

Million CHF	Land	Buildings, installations	Machines	Furniture, vehicles, tools	Construction in progress	Total
2012						
Net book value as at January 1	**5,097**	**5,305**	**9,056**	**1,277**	**2,197**	**22,933**
Change in structure	(8)	(10)	(36)	(5)	(6)	(65)
Additions	34	17	53	41	1,630	1,774
Disposals	(28)	(16)	(15)	(23)	(1)	(83)
Reclassifications	83	714	966	132	(1,928)	(33)
Depreciation	(128)	(333)	(883)	(256)	0	(1,600)
Impairment loss (charged to statement of income)	(116)	(143)	(181)	(7)	(11)	(459)
Currency translation effects	(67)	(114)	(198)	(15)	(47)	(441)
Net book value as at December 31	**4,867**	**5,420**	**8,760**	**1,144**	**1,835**	**22,026**
At cost of acquisition	6,177	9,944	19,284	3,448	1,922	40,776
Accumulated depreciation/impairment	(1,309)	(4,525)	(10,524)	(2,305)	(87)	(18,749)
Net book value as at December 31	**4,867**	**5,420**	**8,760**	**1,144**	**1,835**	**22,026**
Net asset value of leased property, plant and equipment	0	47	17	65	0	130
Of which pledged/restricted						39
2011						
Net book value as at January 1	**5,053**	**5,316**	**9,472**	**1,262**	**2,240**	**23,343**
Change in structure	145	77	129	61	4	415
Additions	85	77	178	35	1,472	1,846
Disposals	(64)	(13)	(11)	(20)	0	(108)
Reclassifications	100	403	667	259	(1,420)	9
Depreciation	(111)	(300)	(841)	(276)	0	(1,527)
Impairment loss (charged to statement of income)	(50)	(33)	(64)	(2)	(11)	(160)
Currency translation effects	(61)	(221)	(473)	(42)	(87)	(886)
Net book value as at December 31	**5,097**	**5,305**	**9,056**	**1,277**	**2,197**	**22,933**
At cost of acquisition	6,251	9,484	19,229	3,551	2,273	40,787
Accumulated depreciation/impairment	(1,154)	(4,178)	(10,173)	(2,274)	(76)	(17,855)
Net book value as at December 31	**5,097**	**5,305**	**9,056**	**1,277**	**2,197**	**22,933**
Net asset value of leased property, plant and equipment	1	54	16	65	0	136
Of which pledged/restricted						60

The net book value of CHF 22,026 million (2011: 22,933) represents 54.0 percent (2011: 56.2) of the original cost of all assets. At December 31, 2012, the fire insurance value of property, plant and equipment amounted to CHF 36,124 million (2011: 35,956). Net gains on sale of property, plant and equipment amounted to CHF 37 million (2011: 30).

In 2012, the impairment loss relates mainly to Group region Europe (CHF 424 million, of which CHF 397 million was recognized in the fourth quarter). The main countries affected are Spain and Italy (CHF 192 million and CHF 117 million, respectively, largely due to asset footprint adjustments in cement and aggregates) and certain countries in Eastern Europe (CHF 44 million).

In 2011, the impairment loss related mainly to Group region Europe (CHF 69 million in Spain and CHF 38 million in certain markets in Eastern Europe) and North America (CHF 32 million).

In both years, the impairment losses were a consequence of the decrease in demand for construction material in the respective regions and were largely included in production cost of goods sold in the statement of income.

Included in land, buildings and installations is investment property with a net book value of CHF 82 million (2011: 78). The fair value of this investment property amounted to CHF 84 million (2011: 81). Rental income related to investment property amounted to CHF 3 million (2011: 3).

24 Intangible assets

Million CHF	Goodwill	Other intangible assets	Total
2012			
Net book value as at January 1	**7,663**	**790**	**8,453**
Change in structure	(23)	(7)	(30)
Additions	0	60	60
Disposals	0	0	0
Amortization	0	(81)	(81)
Impairment loss (charged to statement of income)	(13)	(17)	(29)
Currency translation effects	(136)	22	(114)
Net book value as at December 31	**7,492**	**767**	**8,258**
At cost of acquisition	7,733	1,633	9,366
Accumulated amortization/impairment	(241)	(866)	(1,107)
Net book value as at December 31	**7,492**	**767**	**8,258**
2011			
Net book value as at January 1	**8,144**	**917**	**9,061**
Change in structure	77	45	122
Additions	0	25	25
Disposals	0	0	0
Amortization	0	(94)	(94)
Impairment loss (charged to statement of income)	(194)	(49)	(243)
Currency translation effects	(365)	(53)	(417)
Net book value as at December 31	**7,663**	**790**	**8,453**
At cost of acquisition	7,891	1,558	9,449
Accumulated amortization/impairment	(229)	(768)	(996)
Net book value as at December 31	**7,663**	**790**	**8,453**

The other intangible assets have finite useful lives, over which the assets are amortized. The corresponding amortization expense is recognized mainly in administration expenses.

In 2011, the impairment loss related mainly to Group region Europe (CHF 174 million in Spain and CHF 65 million in certain markets in Eastern Europe) which was a consequence of the decrease in demand for construction materials in these regions. The recoverable amount for Spain was based on value-in-use by applying a pre-tax discount rate of 6.7 percent. The impairment loss was included in production cost of goods sold in the statement of income.

Impairment tests for goodwill

For the purpose of impairment testing, goodwill is allocated to a cash generating unit or to a group of cash generating units that are expected to benefit from the synergies of the respective business combination. The Group's cash generating units are defined on the basis of geographical market, normally country- or region-related. The carrying amount of goodwill allocated to the countries or regions stated below is significant in comparison with the total carrying amount of goodwill, while the carrying amount of goodwill allocated to the other cash generating units is individually not significant.

For the impairment test, the recoverable amount of a cash generating unit, which has been determined based on value-in-use, is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the cash generating unit exceeds its recoverable amount. Future cash flows are discounted using the weighted average cost of capital (WACC).

The cash flow projections are based on a four-year financial planning period approved by management. Cash flows beyond the four-year budget period are extrapolated based either on steady or increasing sustainable cash flows. In any event, the growth rate used to extrapolate cash flow projections beyond the four-year budget period does not exceed the long-term average growth rate for the relevant market in which the cash generating unit operates.

In respect of the goodwill allocated to "Others", the same impairment model and parameters are used, as is the case with individually significant goodwill positions, except that different key assumptions are used depending on the risks associated with the respective cash generating units.

Key assumptions used for value-in-use calculations in respect of goodwill 2012

Cash generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
North America	1,726	USD/CAD	7.8%	3.3%
India	1,340	INR	11.2%	8.1%
United Kingdom	849	GBP	8.9%	2.8%
Central Europe	511	CHF/EUR	6.3%	1.9%
Philippines	395	PHP	9.9%	5.0%
Mexico	390	MXN	8.2%	3.3%
Australia	353	AUD	7.7%	3.5%
Others(1)	1,928	Various	6.2%–16.2%	1.3%–7.5%
Total	**7,492**			

Key assumptions used for value-in-use calculations in respect of goodwill 2011

Cash generating unit (Million CHF)	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
North America	1,762	USD/CAD	7.7%	2.7%
India	1,417	INR	11.4%	8.1%
United Kingdom	833	GBP	9.5%	2.6%
Central Europe	513	CHF/EUR	6.6%	1.8%
Philippines	395	PHP	10.9%	5.0%
Mexico	374	MXN	8.5%	3.2%
Australia	356	AUD	8.0%	3.0%
Others(1)	2,013	Various	6.3%-14.2%	1.3%-7.5%
Total	**7,663**			

Note:

(1) Individually not significant.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of a cash generating unit or a group of cash generating units, management believes that a reasonably possible change in the pre-tax discount rate of 1 percentage point, and a 1 percentage point change in long-term GDP growth rate in cases where increasing sustainable cash flows were used, would not cause the carrying amount of a cash generating unit or a group of cash generating units to materially exceed its recoverable amount.

In 2011, with regard to the assessment of value-in-use of a cash generating unit or a group of cash generating units, management believed that except for Spain (included in Others above) a reasonably possible change in the pre-tax discount rate of 1 percentage point would not cause the carrying amount of a cash generating unit or a group of cash generating units to materially exceed its recoverable amount. Using a pre-tax discount rate of 6.7 percent, the recoverable amount of Spain equaled its carrying amount of CHF 52 million.

25 Other long-term assets

This position includes a discounted amount of USD 95 million (CHF 87 million), respectively USD 188 million (CHF 177 million) in 2011, relating to a compensation receivable from the Bolivarian Republic of Venezuela.

On September 4, 2010, Holcim Ltd signed a settlement with the Bolivarian Republic of Venezuela agreeing on the terms for Venezuela's compensation payment for the June 2008 nationalization of Holcim (Venezuela) C.A. and the suspension of the international arbitration procedure before the International Centre for Settlement of Investment Disputes (ICSID) in connection with that nationalization.

The agreed total compensation amount was USD 650 million (CHF 611 million), of which a first down-payment of USD 260 million (CHF 244 million) was received on September 10, 2010. A second payment of USD 97.5 million (CHF 87 million) was received on September 12, 2011 and a third payment of USD 97.5 million (CHF 91 million) on September 11, 2012. The remaining compensation amount of USD 194.9 million (CHF 178 million) is to be paid in two equal yearly installments of USD 97.5 million (CHF 89 million) starting in September 2013. In 2012 a further USD 61 million (CHF 58 million) was realized through "other financial income"; in 2011, this amounted to USD 61 million (CHF 54 million).

26 Joint ventures

The following amounts represent the effect of proportionately consolidated assets, liabilities and sales and results of significant joint ventures disclosed on pages 197 and 198.

The amounts are included in the consolidated statement of financial position and consolidated statement of income.

Statement of financial position

Million CHF	2012	2011
Current assets	91	100
Long-term assets	295	354
Total assets	**386**	**454**
Short-term liabilities	103	63
Long-term liabilities	35	93
Total liabilities	**138**	**155**
Net assets	**248**	**298**

Statement of income

Million CHF	2012	2011
Net sales	**396**	**336**
Operating profit	**59**	**57**
Net income from joint ventures	**50**	**47**

Sales to and purchases from significant joint ventures amounted to CHF 6 million (2011: 5) and CHF 51 million (2011: 63), respectively.

27 Trade accounts payable

Million CHF	2012	2011
Trade accounts payable – associates	20	12
Trade accounts payable – third parties	2,159	2,384
Advance payments from customers	137	151
Total	**2,316**	**2,547**

28 Financial liabilities

Million CHF	2012	2011
Current financial liabilities – associates	2	3
Current financial liabilities – third parties	1,472	1,433
Current portion of long-term financial liabilities	2,101	1,377
Derivative liabilities	24	6
Total current financial liabilities	**3,599**	**2,820**
Long-term financial liabilities – associates	9	9
Long-term financial liabilities – third parties	9,852	11,514
Derivative liabilities	47	152
Total long-term financial liabilities	**9,908**	**11,675**
Total	**13,507**	**14,495**
Of which secured	81	171

Details of total financial liabilities

Million CHF	2012	2011
Loans from financial institutions	2,456	4,467
Bonds and private placements	10,484	9,713
Commercial paper notes	404	61
Obligations under finance leases (note 29)	93	97
Derivative liabilities (note 30)	71	158
Total	**13,507**	**14,495**

"Loans from financial institutions" include amounts due to banks and other financial institutions. Repayment dates vary between one and 13 years. CHF 1,434 million (2011: 1,925) are due within one year.

The Group complied with its debt covenants.

Unutilized credit lines totaled CHF 8,095 million (2011: 6,674) at year-end 2012, of which CHF 5,369 million (2011: 4,319) are committed.

Financial liabilities by currency

Currency	2012			2011		
	Million CHF	In %	Interest rate(1)	Million CHF	In %	Interest rate(1)
CHF	3,710	27.5	2.9	3,934	27.1	2.7
USD	3,377	25.0	3.7	3,927	27.1	3.4
EUR	2,426	18.0	5.4	3,009	20.8	5.1
AUD	1,107	8.2	5.8	994	6.9	7.2
GBP	785	5.8	7.1	724	5.0	7.5
CAD	586	4.3	4.8	299	2.1	5.9
MXN	427	3.2	5.8	442	3.0	6.2
Others	1,089	8.1	6.2	1,166	8.0	6.5
Total	**13,507**	**100.0**	**4.5**	**14,495**	**100.0**	**4.4**

Note:

(1) Weighted average nominal interest rate on financial liabilities at December 31.

Interest rate structure of total financial liabilities

Million CHF	2012	2011
Financial liabilities at fixed rates	7,448	7,706
Financial liabilities at floating rates	6,059	6,790
Total	**13,507**	**14,495**

Financial liabilities that are hedged to a fixed or floating rate are disclosed on a post hedge basis.

Information on the maturity of financial instruments is disclosed in the section "Risk management" on page 148.

Bonds and private placements as at December 31

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF	Net book value in CHF
In million						**2012**	**2011**
Holcim Ltd							
CHF	290	2.50%		2005-2012	Bonds with fixed interest rate	0	290
CHF	250	3.00%	3.19%	2006-2015	Bonds with fixed interest rate	249	249
CHF	400	3.13%	0.25%	2007-2017	Bonds swapped into floating interest rates at inception	453	456
CHF	1,000	4.00%	4.33%	2009-2013	Bonds with fixed interest rate	997	994
CHF	450	4.00%	4.19%	2009-2018	Bonds with fixed interest rate	446	445
CHF	475	2.38%	2.64%	2010-2016	Bonds with fixed interest rate	471	470
CHF	450	3.00%	2.97%	2012-2022	Bonds with fixed interest rate	451	0
Aggregate Industries Holdings Limited							
GBP	163	7.25%	4.21%	2001-2016	Bonds, partly swapped into floating interest rates	270	267
Holcim GB Finance Ltd.							
GBP	300	8.75%	8.81%	2009-2017	Bonds guaranteed by Holcim Ltd	443	434
Holcim Capital Corporation Ltd.							
USD	50	7.65%	7.65%	2001-2031	Private placement guaranteed by Holcim Ltd	46	47
USD	65	6.59%	6.60%	2002-2014	Private placement guaranteed by Holcim Ltd	59	61
USD	100	6.59%	6.59%	2002-2014	Private placement guaranteed by Holcim Ltd	92	94
USD	250	6.88%	7.28%	2009-2039	Bonds guaranteed by Holcim Ltd	221	227

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF	Net book value in CHF
In million						**2012**	**2011**
Holcim Capital México, S.A. de C.V							
MXN	1,500	5.41%	5.76%	2012-2015	Bonds guaranteed by Holcim Ltd, with floating interest rates	105	0
MXN	800	5.52%	5.82%	2012-2016	Bonds guaranteed by Holcim Ltd, with floating interest rates	56	0
MXN	1,700	7.00%	7.23%	2012-2019	Bonds guaranteed by Holcim Ltd	119	0
Holcim Capital (Thailand) Ltd.							
THB	2,450	6.69%		2005-2012	Bonds guaranteed by Holcim Ltd	0	72
THB	2,000	3.52%	3.62%	2010-2015	Bonds guaranteed by Holcim Ltd	59	59
Holcim Finance (Canada) Inc.							
CAD	10	6.91%	6.92%	2002-2017	Private placement guaranteed by Holcim Ltd	9	9
CAD	300	5.90%	6.10%	2007-2013	Bonds guaranteed by Holcim Ltd	276	276
CAD	300	3.65%	3.77%	2012-2018	Bonds guaranteed by Holcim Ltd	275	0
Holcim Finance (Luxembourg) S.A.							
EUR	600	4.38%	4.45%	2004-2014	Bonds guaranteed by Holcim Ltd	723	729
EUR	650	9.00%	8.92%	2009-2014	Bonds guaranteed by Holcim Ltd	786	793
EUR	200	6.35%	6.40%	2009-2017	Bonds guaranteed by Holcim Ltd	241	243
Holcim Finance (Australia) Pty Ltd							
AUD	500	8.50%		2009-2012	Bonds guaranteed by Holcim Ltd	0	477
AUD	250	7.00%	7.21%	2012-2015	Bonds guaranteed by Holcim Ltd	237	0
AUD	250	6.00%	6.24%	2012-2017	Bonds guaranteed by Holcim Ltd	236	0
AUD	200	5.25%	5.52%	2012-2019	Bonds guaranteed by Holcim Ltd	188	0

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF	Net book value in CHF
In million						**2012**	**2011**
Holcim Overseas Finance Ltd.							
CHF	155	3.00%	0.24	2007-2013	Bonds guaranteed by Holcim Ltd, swapped into floating interest rates at inception	160	164
CHF	425	3.38%	3.42%	2011-2021	Bonds guaranteed by Holcim Ltd	424	424
Subtotal						**8,092**	**7,281**

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF	Net book value in CHF
In million						**2012**	**2011**
Subtotal						**8,092**	**7,281**
Holcim US Finance S.à r.l. & Cie S.C.S.							
USD	200	6.21%	6.24%	2006-2018	Private placement guaranteed by Holcim Ltd	183	188
USD	125	6.10%	6.14%	2006-2016	Private placement guaranteed by Holcim Ltd	114	117
USD	125	5.96%	6.01%	2006-2013	Private placement guaranteed by Holcim Ltd	114	118
EUR	90	5.12%	1.34%	2008-2013	Private placement guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	109	114
EUR	358	1.96%		2008-2013	Private placement guaranteed by Holcim Ltd, swapped into USD at inception (early repaid in 2012)	0	436
EUR	202	1.47%	1.65%	2008-2015	Private placement guaranteed by Holcim Ltd, swapped into USD at inception	244	245
USD	750	6.00%	6.25%	2009-2019	Bonds guaranteed by Holcim Ltd	677	695
EUR	500	2.63%	2.25%	2012-2020	Bonds guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	603	0

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF	Net book value in CHF
In million						2012	2011
ACC Limited							
INR	750	11.30%	11.30%	2008-2013	Non-convertible debentures with fixed interest rate (partially repaid in 2012)	13	35
INR	820	8.45%	8.45%	2009-2014	Non-convertible debentures with fixed interest rate (partially repaid in 2012)	14	53
Holcim (Argentina) S.A.							
ARS	24	25.93%		2009-2012	Amortizing floating rate bonds	0	5
Holcim (Costa Rica) S.A.							
CRC	8,500	11.25%		2009-2012	Floating rate bonds	0	15
CRC	10,000	13.65%	14.36%	2010-2015	Floating rate bonds	18	18
CRC	8,500	12.00%	12.55%	2012-2014	Floating rate bonds	15	0
Holcim (Maroc) S.A.							
MAD	1,500	5.49%	5.49%	2008-2015	Bonds with fixed interest rate	162	164
Holcim (US) Inc.							
USD	5	0.26%		1996-2031	Industrial revenue bonds – Devil's Slide (early repaid in 2012)	0	5
USD	22	0.16%		1997-2027	Industrial revenue bonds – South Louisiana Port (early repaid in 2012)	0	21
USD	15	0.19%		1999-2031	Industrial revenue bonds – Midlothian (early repaid in 2012)	0	14
USD	33	0.26%	0.26%	1999-2032	Industrial revenue bonds – Mobile Dock & Wharf (partially repaid in 2012)	31	63
USD	18	0.12%		2000-2020	Industrial revenue bonds – Canada (early repaid in 2012)	0	17
USD	25	0.24%	0.24%	2003-2033	Industrial revenue bonds – Holly Hill	23	24
USD	27	0.15%	0.15%	2009-2034	Industrial revenue bonds – Midlothian	24	25

Nominal value		Nominal interest rate	Effective interest rate	Term	Description	Net book value in CHF	Net book value in CHF
In million						**2012**	**2011**
Siam City Cement (Public) Company Limited							
THB	4,000	4.50%	4.55%	2009-2013	Bonds with fixed interest rate	48	59
Total						**10,484**	**9,713**

29 Leases

Future minimum lease payments

	Operating leases	Finance leases	Operating leases	Finance leases
Million CHF	**2012**	**2012**	**2011**	**2011**
Within 1 year	144	25	149	34
Within 2 years	112	19	114	21
Within 3 years	85	12	86	10
Within 4 years	67	10	68	5
Within 5 years	55	9	57	5
Thereafter	300	68	285	58
Total	**762**	**143**	**759**	**133**
Interest		(50)		(36)
Total finance leases		**93**		**97**

Total expense for operating leases recognized in the consolidated statement of income in 2012 was CHF 163 million (2011: 165). There are no individually significant operating lease agreements.

The liabilities from finance leases due within one year are included in current financial liabilities and liabilities due thereafter are included in long-term financial liabilities (note 28). There are no individually significant finance lease agreements.

30 Derivative financial instruments

Derivative assets with maturities exceeding one year are included in long-term financial assets (note 21) and derivative assets with maturities less than one year are included in accounts receivable (note 18).

Derivative liabilities are included in financial liabilities (note 28).

Derivative assets and liabilities

Million CHF	Fair value assets 2012	Fair value liabilities 2012	Nominal amount 2012	Fair value assets 2011	Fair value liabilities 2011	Nominal amount 2011
Fair value hedges						
Interest rate	73	0	629	81	0	628
Currency	0	1	56	0	0	0
Cross-currency	37	16	703	0	15	85
Total fair value hedges	**109**	**17**	**1,389**	**81**	**15**	**713**
Cash flow hedges						
Interest rate	0	2	153	0	3	78
Currency	0	4	61	5	7	141
Cross-currency	0	45	290	0	133	527
Total cash flow hedges	**0**	**52**	**504**	**5**	**143**	**746**
Net investment hedges						
Currency	0	0	0	0	0	0
Cross-currency	1	1	59	3	0	59
Total net investment hedges	**1**	**1**	**59**	**3**	**0**	**59**
Held for trading						
Interest rate	0	0	0	0	0	0
Currency	0	0	0	0	0	0
Cross-currency	0	0	0	0	0	0
Total held for trading	**0**	**0**	**0**	**0**	**0**	**0**
Total	**111**	**71**	**1,952**	**89**	**158**	**1,518**

31 Deferred taxes

Deferred tax by type of temporary difference

Million CHF	2012	2011
Deferred tax assets		
Property, plant and equipment	30	19
Intangible and other long-term assets	13	26
Provisions	250	199
Tax losses carryforward	653	595
Other	319	291
Total	**1,264**	**1,129**
Deferred tax liabilities		
Property, plant and equipment	2,348	2,348
Intangible and other long-term assets	218	254
Provisions	4	3
Other	96	96
Total	**2,667**	**2,701**
Deferred tax liabilities net	**1,403**	**1,571**
Reflected in the statement of financial position as follows:		
Deferred tax assets	(417)	(490)
Deferred tax liabilities	1,820	2,061
Deferred tax liabilities net	**1,403**	**1,571**

Temporary differences for which no deferred tax is recognized

Million CHF	2012	2011
On unremitted earnings of subsidiary companies (taxable temporary difference)	1,002	1,946
On tax losses carryforward (deductible temporary difference)	2,230	1,488

Tax losses carryforward

Million CHF	Loss carry-forwards 2012	Tax effect 2012	Loss carry-forwards 2011	Tax effect 2011
Total tax losses carryforward	**4,424**	**1,214**	**3,527**	**1,013**
Of which reflected in deferred taxes	(2,194)	(653)	(2,039)	(595)
Total tax losses carryforward not recognized	**2,230**	**561**	**1,488**	**418**
Expiring as follows:				
1 year	7	1	1	0
2 years	4	1	14	4
3 years	18	4	21	4
4 years	14	3	8	2
5 years	13	3	19	4
Thereafter	2,175	549	1,425	403

32 Provisions

Million CHF	Site restoration and other environmental provisions	Specific business risks	Other provisions	Total 2012	Total 2011
January 1	**757**	**194**	**472**	**1,423**	**1,379**
Change in structure			(6)	(6)	68
Provisions recognized	119	97	280	496	328
Provisions used during the year	(55)	(52)	(252)	(360)	(260)
Provisions reversed during the year	(10)	(24)	(75)	(109)	(128)
Unwinding of discount and discount rate changes	44	0	0	45	73
Currency translation effects	(12)	(5)	(11)	(28)	(36)
December 31	**843**	**210**	**408**	**1,461**	**1,423**
Of which short-term provisions	78	59	162	299	242
Of which long-term provisions	765	151	246	1,162	1,181

Site restoration and other environmental provisions represent the Group's legal or constructive obligations of restoring a site. The timing of cash outflows of these provisions is dependent on the completion of raw material extraction and the commencement of site restoration.

Specific business risks comprise litigation and restructuring costs which arise during the normal course of business. Provisions for litigations mainly relate to antitrust investigations, product liability as well as tax claims and are set up to cover legal and administrative proceedings. In 2012, it included several provisions for risks related to direct and indirect taxes of CHF 51 million (2011: 32) and a provision of CHF 20 million (2011: 20) related to the German antitrust investigation set up in 2002. Total provisions for litigations amounted to CHF 125 million (2011: 130) on December 31. The timing of cash outflows of provisions for litigations is uncertain since it will largely depend upon the outcome of administrative and legal proceedings. Provisions for restructuring costs relate to various restructuring programs and amounted to CHF 85 million (2011: 64) on December 31. These provisions are expected to result in future cash outflows mainly within the next one to three years.

Other provisions relate mainly to provisions that have been set up to cover other contractual liabilities. The composition of these items is extremely manifold and comprises, as of December 31, among other things: provisions related to sales and other taxes of CHF 76 million (2011: 58), provisions for various severance payments to employees of CHF 69 million (2011: 58), provisions for performance related compensation payments of CHF 56 million (2011: 43), provisions for contingent liabilities arising from business combinations of CHF 32 million (2011: 52) and provisions for health insurance and pension schemes, which do not qualify as benefit obligations, of CHF 11 million (2011: 23). The expected timing of the future cash outflows is uncertain.

33 Employee benefits

Personnel expenses

Million CHF	**2012**	**2011**
Production and distribution	2,729	2,641
Marketing and sales	415	395
Administration	879	823
Total	**4,023**	**3,859**

Personnel expenses and number of personnel

The Group's total personnel expenses, including social charges, are recognized in the relevant expenditure line by function in the consolidated statement of income and amounted to CHF 4,023 million (2011: 3,859). As of December 31, 2012, the Group employed 78,103 people (2011: 80,967).

Defined benefit pension plans

Some Group companies provide pension plans for their employees which, under IFRS, are considered as defined benefit pension plans. Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent's pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country. Benefits are dependent on years of service and the respective employee's compensation and contribution. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized actuarial losses and past service costs. The obligation resulting from the defined benefit pension plans is determined using the projected unit credit method. Unrecognized gains and losses resulting from changes in actuarial assumptions are recognized as income (expense) over the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year.

Other post-employment benefit plans

The Group operates a number of other post-employment benefit plans. The method of accounting for these provisions is similar to the one used for defined benefit pension schemes. A number of these plans are not externally funded, but are covered by provisions in the statements of financial position of the respective Group companies.

The following table reconciles the funded, partially funded and unfunded status of defined benefit pension plans and other post-employment benefit plans to the amounts recognized in the statement of financial position.

Reconciliation of retirement benefit plans to the statement of financial position

Million CHF	**2012**	**2011**
Million CHF	2012	2011
Net liability arising from defined benefit pension plans	146	175
Net liability arising from other post-employment benefit plans	67	69
Net liability	**213**	**244**
Reflected in the statement of financial position as follows:		
Other long-term assets	(92)	(41)
Defined benefit obligations	305	285
Net liability	**213**	**244**

Retirement benefit plans

	Defined benefit pension plans		**Other post-employment benefit plans**	
Million CHF	**2012**	**2011**	**2012**	**2011**
Present value of funded obligations	**3,203**	**3,026**	**0**	**0**
Fair value of plan assets	(2,630)	(2,469)	0	0
Plan deficit of funded obligations	**573**	**557**	**0**	**0**
Present value of unfunded obligations	**263**	**225**	**82**	**89**
Unrecognized actuarial losses	(681)	(599)	(15)	(20)
Unrecognized past service costs	(10)	(8)	0	0
Unrecognized plan assets	1	0	0	0
Net liability from funded and unfunded plans	**146**	**175**	**67**	**69**
Amounts recognized in the statement of income are as follows:				
Current service costs	85	72	2	1
Interest expense on obligations	123	125	3	4
Expected return on plan assets	(119)	(129)	0	0
Amortization of actuarial losses	29	17	0	0
Past service costs	(36)	6	0	0
Losses on curtailments and settlements	0	2	0	0
Limit of asset ceiling	1	(1)	0	0
Others	0	(4)	0	0
Total (included in personnel expenses)	**83**	**88**	**5**	**5**
Actual return on plan assets	**205**	**39**	**0**	**0**
Present value of funded and unfunded				

Million CHF	Defined benefit pension plans 2012	Defined benefit pension plans 2011	Other post-employment benefit plans 2012	Other post-employment benefit plans 2011
obligations				
Opening balance as per January 1	3,251	3,011	89	83
Current service costs	85	72	2	1
Employees' contributions	21	20	0	0
Interest expense	123	125	3	4
Actuarial losses (gains)	205	143	(5)	6
Currency translation effects	(3)	0	(2)	0
Benefits paid	(183)	(150)	(5)	(5)
Past service costs	(34)	8	0	0
Change in structure	5	34	0	0
Curtailments	(1)	0	0	0
Settlements	(3)	(12)	0	0
Closing balance as per December 31	**3,466**	**3,251**	**82**	**89**
Fair value of plan assets				
Opening balance as per January 1	2,469	2,405	0	0
Expected return on plan assets	119	129	0	0
Actuarial gains (losses)	86	(89)	0	0
Currency translation effects	3	(10)	0	0
Contribution by the employer	101	110	5	5
Contribution by the employees	21	20	0	0
Benefits paid	(168)	(130)	(5)	(5)
Change in structure	1	45	0	0
Settlements	(2)	(10)	0	0
Closing balance as per December 31	**2,630**	**2,469**	**0**	**0**
Plan assets consist of:				
Equity instruments of Holcim Ltd or subsidiaries	1	1	0	0
Equity instruments of third parties	983	877	0	0
Debt instruments of Holcim Ltd or subsidiaries	31	24	0	0
Debt instruments of third parties	603	591	0	0
Land and buildings occupied or used by third parties	369	364	0	0
Other	643	613	0	0
Total fair value of plan assets	**2,630**	**2,469**	**0**	**0**
Principal actuarial assumptions used at the end of the reporting period (weighted average)				

Million CHF	Defined benefit pension plans 2012	Defined benefit pension plans 2011	Other post-employment benefit plans 2012	Other post-employment benefit plans 2011
Discount rate	3.3%	3.8%	3.6%	4.2%
Expected return on plan assets	4.5%	4.8%		
Future salary increases	2.7%	2.7%		
Medical cost trend rate			7.1%	7.2%

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Experience adjustments

	Defined benefit pension plans					Other post-employment benefit plans				
Million CHF	**2012**	**2011**	**2010**	**2009**	**2008**	**2012**	**2011**	**2010**	**2009**	**2008**
Present value of defined benefit obligation	3,466	3,251	3,011	3,028	2,731	82	89	83	89	95
Fair value of plan assets	(2,630)	(2,469)	(2,405)	(2,541)	(2,375)	0	0	0	0	0
Deficit	**836**	**782**	**606**	**487**	**356**	**82**	**89**	**83**	**89**	**95**
Experience adjustments:										
On plan liabilities	9	(19)	(33)	0	24	(9)	0	(3)	(6)	(3)
On plan assets	86	(89)	(86)	73	(341)	0	0	0	0	0

A 1 percentage point change in the assumed medical cost trend rate would have no material effect on the current service and interest cost components as well as on the accumulated post-employment benefit obligations for medical cost.

Expected contributions by the employer to be paid to the post-employment benefit plans during the annual period beginning after the end of the reporting period are CHF 99 million (2011: 105).

34 Share compensation plans

Employee share purchase plan

Holcim has an employee share ownership plan for all employees of Swiss subsidiaries and some executives from Group companies. This plan entitles employees to acquire a limited amount of discounted Holcim shares generally at 70 percent of the market value based on the prior-month average share price. The shares cannot be sold for a period of two years from the date of purchase. The total expense arising from this plan amounted to CHF 2.5 million in 2012 (2011: 1.7).

Share plan for management of Group companies

Part of the variable, performance-related compensation for management of Group companies is paid in Holcim shares, which are granted based on the market price of the share in the following year. The shares cannot be sold by the employee for the next three years. The total expense arising from this share plan amounted to CHF 6.5 million in 2012 (2011: 6.5).

Senior management share plans

Part of the variable, performance-related compensation of senior management is paid in Holcim shares, which are granted based on the market price of the share in the following year. The shares cannot be sold nor pledged by the employee for the next five years. The total expense arising from these share plans amounted to CHF 0.6 million in 2012 (2011: 1.9).

No dilution of Holcim shares occurs as all shares granted under these plans are purchased from the market.

Share option plans

Two types of share options are granted to senior management of the Holcim Group, the ones, which are granted as part of the annual variable compensation and those, which are allotted to the Executive Committee upon appointment. In both cases, each option represents the right to acquire one registered share of Holcim Ltd at the market price of the shares at the date of grant (see explanations on page 108).

The contractual term of the first type of option plan is eight years, with immediate vesting but exercise restrictions for a period of three years following the grant date.

The contractual term of the second type of option plan is twelve years and the options have a vesting period (service-related only) of nine years from the date of grant, with sale and pledge restrictions.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price[1]		Number[1] 2012	Number[1] 2011
January 1	**CHF**	**64.98**	**1,467,222**	**1,250,359**
Granted and vested (individual component of variable compensation)	CHF	58.50	179,894	149,763
Granted and vested (single allotment)	CHF	71.50	33,550	67,100
Forfeited			0	0
Exercised	CHF	62.07	130,535	0
Lapsed			0	0
December 31	**CHF**	**66.75**	**1,550,131**	**1,467,222**
Of which exercisable at the end of the year			786,893	331,004

Note:

(1) Adjusted to reflect former share splits and/or capital increases.

Share options outstanding at the end of the year have the following expiry dates and give the right to acquire one registered share of Holcim Ltd at the exercise prices as listed below:

Option grant date	Expiry date		Exercise price[1]	Number[1]	Number[1]
				2012	**2011**
2002	2014	CHF	67.15	201,300	201,300
2003	2012[2]				45,910
2003	2015[2]	CHF	67.15[3]	33,550	33,550
2004	2013[2]	CHF	63.35	34,341	34,341
2004	2016[2]	CHF	67.15[3]	33,550	33,550
2005	2014[2]	CHF	74.54	71,423	71,423
2006	2014	CHF	100.69	58,573	58,573
2007	2015	CHF	125.34	49,674	49,674
2008	2016	CHF	104.34	71,083	71,083
2008	2020	CHF	67.15[3]	67,100	67,100
2009	2017	CHF	38.26	300,499	385,124
2010	2018	CHF	71.15	131,631	131,631
2010	2022	CHF	75.40	33,550	33,550
2010	2022	CHF	81.45	33,550	33,550
2011	2019	CHF	67.15	149,763	149,763
2011	2023	CHF	71.50	67,100	67,100
2012	2020	CHF	58.50	179,894	
2012	2024	CHF	71.50	33,550	
Total				**1,550,131**	**1,467,222**

Notes:

(1) Adjusted to reflect former share splits and/or capital increases.

(2) Due to trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.

(3) Valued according to the single allocation in 2002.

In 2012, options exercised resulted in 130,535 shares being issued at an exercise price of CHF 62.07. In 2011 no options were exercised.

The fair value of options granted for the year 2012 using the Black Scholes valuation model is CHF 19.54 (2011: 13.45). The significant inputs into the model are the share price and an exercise price of CHF 71.90 (2011: 58.50) at the date of grant, an expected volatility of 33.3 percent (2011: 32.9), an expected option life of 6 years (2011: 6), a dividend yield of 1.39 percent (2011: 2.6) and an annual risk-free interest rate of 0.3 percent (2011: 0.3). Expected volatility was determined by calculating the historical volatility of the Group's share price over the respective vesting period.

All shares granted under these plans are either purchased from the market or derived from treasury shares. The total personnel expense arising from the grant of options based on the individual component of variable compensation amounted to CHF 2.0 million in 2012 (2011: 2.4).

35 Construction contracts

Million CHF	2012	2011
Contract revenue recognized during the year	**1,103**	**1,118**
Contract costs incurred and recognized profits (less recognized losses) to date	2,326	2,365
Progress billings to date	(2,321)	(2,366)
Due from (to) contract customers at the end of the reporting period	**5**	**(1)**
Of which:		
Due from customers for contract work	27	33
Due to customers for contract work	(22)	(34)

36 Details of shares

Number of registered shares

December 31	**2012**	**2011**
Total outstanding shares	**325,349,838**	**319,816,295**
Treasury shares		
Reserved for convertible bonds	0	5,785,824
Reserved for call options	1,550,131	1,467,222
Unreserved	186,407	17,035
Total treasury shares	**1,736,538**	**7,270,081**
Total issued shares	**327,086,376**	**327,086,376**
Shares out of conditional share capital		
Reserved for convertible bonds	1,422,350	1,422,350
Unreserved	0	0
Total shares out of conditional share capital	**1,422,350**	**1,422,350**
Total shares	**328,508,726**	**328,508,726**

The par value per share is CHF 2. The share capital amounts to nominal CHF 654 million (2011: 654) and the treasury shares amount to CHF 114 million (2011: 486).

On March 27, 2012, Holcim Ltd sold 5 million treasury shares at a price of CHF 59.25 per share. The proceeds of CHF 296 million were used for general corporate purposes.

37 Contingencies, guarantees and commitments

Contingencies

In the ordinary course of business, the Group is involved in lawsuits, claims of various natures, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

At December 31, 2012, the Group's contingencies amounted to CHF 852 million (2011: 406), which included contingencies of CHF 386 million (2011: 0) from two Indian Holcim Group companies. It is possible, but not probable, that the respective legal cases will result in future liabilities.

The Competition Commission of India issued an Order dated June 20, 2012, imposing a penalty of CHF 386 million on two Indian Holcim Group companies concerning an alleged breach of competition law by certain cement manufacturers in India. The two Indian Holcim Group companies contest the allegation and have filed an appeal against the Order before the appropriate authority, which is pending a decision. Based on the advice of external legal counsel, Holcim believes that it has good grounds for appeal. Accordingly, no provision has been recognized in the statement of financial position.

There are no further single matters pending that the Group expects to be material in relation to the Group's business, financial position or results of operations.

Guarantees

At December 31, 2012, guarantees issued to third parties and associates in the ordinary course of business amounted to CHF 429 million (2011: 721).

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services, buys and sells investments, associated companies and Group companies or portions thereof. It is common practice that the Group makes offers or receives call or put options in connection with such acquisitions and divestitures.

At December 31, 2012, the Group's commitments amounted to CHF 1,461 million (2011: 1,210), of which CHF 883 million (2011: 558) related to the purchase of property, plant and equipment.

38 Monetary net current assets by currency

Million CHF	Cash and marketable securities	Accounts receivable	Trade accounts payable	Current financial liabilities	Other current liabilities	Total 2012	Total 2011
CHF	300	110	79	1,209	146	(1,024)	(252)
USD	530	379	311	762	342	(506)	(31)
EUR	240	574	407	535	402	(530)	(819)
AUD	49	378	151	357	256	(337)	(646)
GBP	99	247	340	64	167	(225)	(161)
BRL	106	61	53	7	25	82	17
CAD	27	183	164	277	115	(346)	(51)
IDR	48	67	62	0	48	5	29
INR	1,172	126	173	59	648	418	300
MAD	161	80	87	87	16	51	44
MXN	13	120	109	44	37	(57)	(182)
Others	400	392	381	198	280	(67)	(273)
Total	**3,146**	**2,717**	**2,316**	**3,599**	**2,484**	**(2,536)**	**(2,025)**

39 Cash flow used in investing activities

Million CHF	2012	2011
Purchase of property, plant and equipment net		
Replacements	(925)	(890)
Proceeds from sale of property, plant and equipment	120	138
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	**(805)**	**(752)**
Expansion investments	(814)	(886)
Total purchase of property, plant and equipment net (A)	**(1,620)**	**(1,638)**
Acquisition of participation in Group companies (net of cash and cash equivalents acquired)[1]	**(2)**	**(137)**
Disposal of participation in Group companies (net of cash and cash equivalents disposed of)[1]	**239**	**5**
Purchase of financial assets, intangible and other assets		
Increase in financial investments including associates	(16)	(137)
Increase in other financial assets, intangible and other assets	(170)	(105)
Total purchase of financial assets, intangible and other assets	**(186)**	**(242)**
Disposal of financial assets, intangible and other assets		
Decrease in financial investments including associates	157	32
Decrease in other financial assets, intangible and other assets	177	189
Total disposal of financial assets, intangible and other assets	**334**	**221**
Total disposal (purchase) of financial assets, intangible and other assets and businesses net (B)	**385**	**(154)**
Total cash flow used in investing activities (A + B)	**(1,235)**	**(1,791)**

Note:

(1) Including goodwill.

Cash flow from acquisitions and disposals of Group companies

Million CHF	Acquisitions 2012	Acquisitions 2011	Disposals 2012	Disposals 2011
Current assets	0	(131)	41	20
Property, plant and equipment	0	(424)	65	9
Other assets	(1)	(55)	24	6
Current liabilities	0	123	(37)	(24)
Long-term provisions	0	69	(6)	(1)
Other long-term liabilities	0	107	(2)	0
Net assets	**(1)**	**(311)**	**84**	**10**
Non-controlling interest	0	29	0	(6)
Net assets (acquired) disposed	**(1)**	**(282)**	**84**	**4**
Goodwill (acquired) disposed	(1)	(79)	24	2
Fair value of previously held (retained) equity interest	0	127	(6)	(6)
Net gain on disposals	0	0	150	3
Total (purchase) disposal consideration	(2)	(234)	251	3
Acquired (disposed) cash and cash equivalents	0	38	(12)	(2)
Contingent consideration	0	0	0	0
Payables and loan notes	0	59	0	4
Net cash flow	**(2)**	**(137)**	**239**	**5**

40 Transactions and relations with members of the Board of Directors and senior management

Key management compensation

Board of Directors

In 2012, 13 non-executive members of the Board of Directors received a total remuneration of CHF 3.3 million (2011: 3.1) in the form of short-term employee benefits of CHF 2.1 million (2011: 2.0), post-employment benefits of CHF 0.1 million (2011: 0.1), share-based payments of CHF 0.9 million (2011: 0.9) and other compensation of CHF 0.2 million (2011: 0.2).

Senior management

The total annual compensation for the 15 members of senior management (including CEO) amounted to CHF 30.3 million (2011: 31.6). This amount comprises of base salary and variable cash compensation of CHF 16.7 million (2011: 18.2), share-based compensations of CHF 4.3 million (2011: 4.4), employer contributions to pension plans of CHF 6.3 million (2011: 5.1) and “Others” compensation of CHF 3.0 million (2011: 4.0) which includes, according to the rules of SIX Swiss Exchange, the contributions from the Holcim International Pension Trust for the additional financing of retirement benefits in the amount of CHF 0.9 million (2011: 3.6). The CEO received a base salary plus variable compensation in cash of CHF 2.2 million (2011: 2.6), share based compensation of CHF 0.8 million (2011: 0.8), and employer contributions to pension benefits of CHF 0.5 million (2011: 0.4). The CEO’s total compensation, in accordance with the rules of SIX Swiss Exchange, amounted to CHF 5.0 million

(2011: 5.7). In accordance with Art. 663bbis of the Swiss Code of Obligations (transparency law), the base salary and the variable cash compensation are disclosed, including foreign withholding tax. Further included in the contribution to pension plans are the employer's contributions to social security (AHV/IV).

The following table provides details on the total compensation awarded to the individual members of the Board of Directors, the highest compensation paid to a senior management member and the total amount of senior management compensation.

Compensation for former members of governing bodies

In the year under review, compensation in the amount of CHF 9.2 million (2011: 4.2) was paid to nine (2011: five) former members of senior management. The total compensation in 2012 includes social security contributions of CHF 2.2 million which were settled in 2012 and related to contributions out of the Holcim International Pension Trust disclosed in the years 2008 to 2011, as net amounts. No (2011: one) former member of the Board of Directors received a compensation in the year under review.

Loans

As at December 31, 2012, and December 31, 2011, there were no loans outstanding, to members of the Board of Directors and members of senior management.

Compensation Board of Directors/senior management

Name	**Position**		**Base Salary**	
			Cash	**Shares**[2]
Rolf Soiron	Chairman, Chairman of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	595,680	80,000
Beat Hess	Deputy Chairman, Member of the Nomination & Compensation Committee since August 13, 2012, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	270,000	80,000
Erich Hunziker	Deputy Chairman, Chairman of the Nomination & Compensation Committee, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	300,000	80,000
Markus Akermann	Member of the Board of Directors, Executive Member of the Board until January 31, 2012	Number		858
		CHF	60,000	60,000
Christine Binswanger	Member of the Board of Directors	Number		1,144
		CHF	80,000	80,000
Alexander Gut	Member of the Board of Directors, Member of the Audit Committee	Number		1,144
		CHF	110,000	80,000
Peter Küpfer	Member of the Board of Directors, Chairman of the Audit Committee	Number		1,144
		CHF	180,000	80,000
Adrian Loader	Member of the Board of Directors, Member of the Nomination &	Number		1,144
		CHF	100,000	80,000

Name	Position		Base Salary	
			Cash	Shares[2]
	Compensation Committee			
Andreas von Planta	Member of the Board of Directors, Member of the Audit Committee	Number		1,144
		CHF	110,000	80,000
Wolfgang Reitzle	Member of the Board of Directors since April 17, 2012	Number		763
		CHF	53,334	53,333
Thomas Schmidheiny	Member of the Board of Directors, Member of the Nomination & Compensation Committee	Number		1,144
		CHF	130,800[5]	80,000
Wolfgang Schürer	Member of the Board of Directors, Member of the Governance, Nomination & Compensation Committee until April 17, 2012	Number		381
		CHF	33,333	26,667
Dieter Spälti	Member of the Board of Directors, Member of the Audit Committee, Member of the Governance & Strategy Committee since January 1, 2013	Number		1,144
		CHF	110,000	80,000
Total Board of Directors (non-executive members)		**Number**		**13,442**
		CHF	**2,133,147**	**940,000**
Markus Akermann	CEO until January 31, 2012	Number		
		CHF	555,875	
Bernard Fontana[7]	CEO since February 1, 2012	Number		
		CHF	1,750,000	
Variable compensation in percentage of base salary[7]				
Total senior management[9]		**Number**		
		CHF	**14,516,201**	
Variable compensation in percentage of base salary				

Note:

(1) Compensation for the Board of Directors and senior management is disclosed gross of withholding tax and employee social security contributions. “Other compensation” includes employer contributions to pension plans (state old age and survivors insurance [AHV]/disability insurance [IV], pension funds) as well as a lump sum allowance, long-service benefits, government child payments, etc. The parameters for the fair value calculation of shares and options allocated in the year under review are disclosed in note 34 “Share compensation plans”.

Variable Compensation			Other compensation			
Cash	Shares[2]	Options[3]	Employer contributions to pension plans	Others[4]	Total compensation 2012	Total compensation 2011
			32,891	50,000	758,571	758,571
			16,984	10,000	376,984	292,457
			8,229	10,000	398,229	314,896
			2,297	7,500	129,797	
			7,199	10,000	177,199	177,199
			7,461	10,000	207,461	118,219
			11,484	10,000	281,484	281,484
				10,000	190,000	181,667
			8,744	10,000	208,744	291,988
			2,747	6,667	116,081	
			8,085	10,000	228,885	228,431
			4,363	3,333	67,696	198,012
			8,744	10,000	208,744	208,744
			119,228	**157,500**	**3,349,875**	**3,051,6686**
	1,674	6,308				
120,153	117,059	123,251	152,225	6,498	1,075,061	5,652,477
	5,489	21,752				
404,407	383,783	425,042	500,964	1,486,2988	4,950,494	
	69.3 %					
	32,790	**102,788**				
2,150,586	**2,292,780**	**2,008,455**	**6,335,424**	**3,009,168**	**30,312,614**	**31,573,509**
	44.4 %					

(2) The shares were valued at the average market price in the period from January 1, 2013 to February 15, 2013, and are subject to a five-year sale and pledge restriction period.

(3) Value of the options according to the Black Scholes model at the time of allocation.

(4) In line with the rules of SIX Swiss Exchange, these amounts include primarily the contributions from the Holcim International Pension Trust in the amount of CHF 0.9 million (2011: 3.6), which do not affect the statement of income of the Group in the year under review.

(5) Including director’s fees from subsidiary companies.

(6) The total compensation of the Board of Directors in 2011 amounted to CHF 3,127,296 and included the compensation of a Board member leaving in 2011.

(7) Member of senior management receiving the highest compensation.

(8) Mainly including compensation for forfeited stock options from former employer.

(9) Including CEO.

Shares and options owned by members of the Board of Directors and senior management

The tables show the number of shares and options held by members of the Board of Directors and senior management as of December 31, 2012, and December 31, 2011, respectively.

Board of Directors[1]

Name	Position	Total number of shares 2012	Total number of call options 2012
Rolf Soiron	Chairman, Governance & Strategy Committee Chairman	38,370	
Beat Hess	Deputy Chairman	2,371	
Erich Hunziker	Deputy Chairman, Nomination & Compensation Committee Chairman	12,407	
Markus Akermann[2]	Member	79,393	310,905[3]
Christine Binswanger	Member	5,417	
Alexander Gut	Member	1,770	
Peter Küpfer	Member,	12,406	37,000[4]
	Audit Committee Chairman		31,000[5]
Adrian Loader	Member	8,171	
Andreas von Planta	Member	12,165	
Wolfgang Reitzle	Member	300	
Thomas Schmidheiny	Member	65,775,590	
Dieter Spälti	Member	32,886	
Total Board of Directors		**65,981,246**	**378,905**

Board of Directors[1]

Name	Position	Total number of shares 2011	Total number of call options 2011
Rolf Soiron	Chairman	36,879	
Beat Hess	Deputy Chairman	880	
Erich Hunziker	Deputy Chairman, Governance, Nomination & Compensation Committee Chairman	10,916	
Markus Akermann[6]	Executive Member		
Christine Binswanger	Member	3,926	
Alexander Gut	Member	900	
Peter Küpfer	Member,	10,915	37,000[4]
	Audit Committee Chairman		31,000[5]
Adrian Loader	Member	6,680	
Andreas von Planta	Member	10,674	
Thomas Schmidheiny	Member	65,774,099	
Wolfgang Schürer	Member	43,620	
Dieter Spälti	Member	30,966	
Total Board of Directors		**65,930,455**	**68,000**

Notes:

(1) From allocation, shares are subject to a five-year sale and pledge restriction period.

(2) Markus Akermann is a non-executive member since February 1, 2012.

(3) Including 20,000 options (not related to compensation), exercise price: CHF 56, Ratio: 1:1, Style: American, Maturity: 18.3.2013.

(4) Exercise price: CHF 70; Ratio 1:1; Style: American; Maturity: 19.8.2014.

(5) Exercise price: CHF 80; Ratio 1:1; Style: American; Maturity: 12.11.2013.

(6) In Annual Report 2011 disclosed under senior management.

The total number of shares and call options comprise privately acquired shares and call options, and shares allocated under profit-sharing and compensation schemes. Non-executive members of the Board of Directors did not receive any options from compensation and profit-sharing schemes.

Senior management[1]

Name	Position	Total number of shares 2012	Total number of call options 2012
Bernard Fontana	CEO		33,550
Thomas Aebischer	Member of the Executive Committee, CFO	6,116	46,995
Paul Hugentobler	Member of the Executive Committee	78,495	134,515
Roland Köhler	Member of the Executive Committee, CEO HGRS[2]	12,022	81,194
Andreas Leu	Member of the Executive Committee	13,133	59,784
Bernard Terver	Member of the Executive Committee[3] Area Manager[2]	17,762	28,894
Ian Thackwray	Member of the Executive Committee	5,527	59,642
Horia Adrian	Area Manager[3]	1,359	
Javier de Benito	Area Manager	21,966	25,201
Urs Fankhauser	Area Manager	4,810	4,491
Aidan Lynam	Area Manager	5,606	9,299
Onne van der Weijde	Area Manager	1,836	
Kaspar E.A. Wenger	Area Manager[3]	19,257	
Urs Bleisch	Corporate Functional Manager[3], CEO HTS[3]	2,837	
Jacques Bourgon	Corporate Functional Manager	6,141	25,022
Total senior management		**196,867**	**508,587**

Senior management[(1)]

Name	Position	Total number of shares 2011	Total number of call options 2011
Markus Akermann	Executive Member of the Board of Directors, CEO	93,996	290,096
Thomas Aebischer	Member of the Executive Committee, CFO	3,417	33,550
Urs Böhlen	Member of the Executive Committee	18,227	82,319
Patrick Dolberg	Member of the Executive Committee	12,789	66,619
Paul Hugentobler	Member of the Executive Committee	75,796	119,769
Benoît-H. Koch	Member of the Executive Committee	19,383	104,763
Roland Köhler	Member of the Executive Committee, CEO HGRS	9,323	65,581
Andreas Leu	Member of the Executive Committee	10,434	46,773
Ian Thackwray	Member of the Executive Committee	2,828	45,786
Javier de Benito	Area Manager	19,123	21,855
Urs Fankhauser	Area Manager	3,319	
Aidan Lynam	Area Manager	2,625	3,675
Bernard Terver	Area Manager	19,262	23,600
Jacques Bourgon	Corporate Functional Manager	6,302	19,996
Total senior management		**296,824**	**924,382**

Notes:

(1) From allocation, shares are subject to a five-year and options to a three-year and nine-year sale restriction period respectively.

(2) Until August 31, 2012.

(3) Since September 1, 2012.

The total number of shares and call options include both privately acquired shares and call options, and those allocated under the Group's profit-sharing and compensation schemes. Options are issued solely on registered shares of Holcim Ltd.

Other transactions

As part of the employee share purchase plan, Holcim manages employees' shares. It sells and purchases Holcim Ltd shares to and from employees and on the open market. In this context, the company purchased Holcim Ltd shares of CHF 0.7 million (2011: 2.1) at the stock market price from members of senior management.

No compensation was paid or loans granted to parties closely related to members of the governing bodies.

41 Events after the reporting period

There were no significant events after the reporting period.

42 Authorization of the financial statements for issuance

The consolidated financial statements were authorized for issuance by the Board of Directors of Holcim Ltd on February 25, 2013, and are subject to shareholder approval at the annual general meeting of shareholders scheduled for April 17, 2013.

Principal companies of the Holcim Group

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Asia Pacific	ACC Limited	India	INR	1,879,518	50.3%
	Ambuja Cements Ltd.	India	INR	3,084,368	50.6%
	Holcim (Lanka) Ltd	Sri Lanka	LKR	4,457,771	98.9%
	Holcim Cements (Bangladesh) Ltd.	Bangladesh	BDT	8,824	74.2%
	Siam City Cement Public Company Limited(1)	Thailand	THB	2,300,000	27.5%
	Holcim (Malaysia) Sdn Bhd	Malaysia	MYR	10,450	100.0%
	Holcim (Singapore) Pte. Ltd	Singapore	SGD	44,322	90.8%
	PT Holcim Indonesia Tbk.	Indonesia	IDR	3,645,034,000	80.6%
	Holcim (Vietnam) Ltd	Vietnam	USD	189,400	65.0%
	Holcim Philippines Inc.	Philippines	PHP	6,452,099	85.7%
	Cement Australia Holdings Pty Ltd	Australia	AUD	390,740	75.0%
	Holcim (Australia) Holdings Pty Ltd	Australia	AUD	1,145,867	100.0%
	Holcim (New Zealand) Ltd	New Zealand	NZD	22,004	100.0%
Latin America	Holcim Apasco S.A. de C.V.	Mexico	MXN	10,513,086	100.0%
	Holcim El Salvador S.A. de C.V.	El Salvador	USD	78,178	95.0%
	Holcim (Costa Rica) S.A.	Costa Rica	CRC	8,577,370	60.0%
	Holcim (Nicaragua) S.A.	Nicaragua	NIO	19,469	80.0%
	Holcim (Colombia) S.A.	Colombia	COP	72,536,776	99.8%
	Holcim (Ecuador) S.A.	Ecuador	USD	102,405	92.2%
	Holcim (Brasil) S.A.	Brazil	BRL	455,675	99.9%
	Holcim (Argentina) S.A.	Argentina	ARS	352,057	79.6%
	Cemento Polpaico S.A.	Chile	CLP	7,675,262	54.3%
Europe	Holcim (France) S.A.S.	France	EUR	96,971	100.0%
	Holcim (Belgique) S.A.	Belgium	EUR	750,767	100.0%
	Holcim (España) S.A.	Spain	EUR	745,902	99.9%
	Holcim Trading S.A.	Spain	EUR	19,600	100.0%
	Aggregate Industries Ltd	United Kingdom	GBP	0	100.0%
	Holcim (Deutschland) AG	Germany	EUR	47,064	99.7%
	Holcim (Süddeutschland) GmbH	Germany	EUR	6,450	100.0%
	Holcim (Schweiz) AG	Switzerland	CHF	71,100	100.0%
	Holcim Group Support Ltd	Switzerland	CHF	1,000	100.0%
	Holcim Gruppo (Italia) S.p.A.	Italy	EUR	115,103	100.0%
	Holcim (Česko) a.s.	Czech Republic	CZK	486,297	100.0%
	Holcim (Slovensko) a.s.	Slovakia	EUR	42,346	98.0%
	Východoslovenské stavebné hmoty a.s.	Slovakia	EUR	362	100.0%
	Holcim Hungária Zrt.	Hungary	HUF	3,171,066	99.9%
	Holcim (Hrvatska) d.o.o.	Croatia	HRK	243,852	99.9%
	Holcim (Serbia) d.o.o.	Serbia	CSD	2,300,000	100.0%

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
	Holcim (Romania) S.A.	Romania	RON	274,243	99.7%
	Holcim (Bulgaria) AD	Bulgaria	BGN	1,093	100.0%
	Holcim (Rus) OAO	Russia	RUB	24,893	88.8%
	Holcim (Azerbaijan) O.J.S.C.	Azerbaijan	AZN	31,813	69.8%

Note:

(1) Joint venture, proportionate consolidation.

Region	Company	Place	Nominal share capital in 000	Participation (voting right)	
North America...........	Holcim (US) Inc.	USA	USD	0	100.0%
	Aggregate Industries Management Inc.	USA	USD	194,058	100.0%
	Holcim (Canada) Inc.	Canada	CAD	91,201	100.0%
Africa Middle East.....	Holcim (Maroc) S.A.	Morocco	MAD	421,000	61.0%
	Ciments de Guinée S.A.	Guinea	GNF	46,393,000	59.9%
	Société de Ciments et Matériaux	Ivory Coast	XOF	912,940	99.9%
	Holcim (Liban) S.A.L.	Lebanon	LBP	135,617,535	52.1%
	Holcim (Outre-Mer) S.A.S.	La Réunion	EUR	37,748	100.0%

Listed Group companies

Region	Company	Domicile	Place of listing	Market capitalization at December 31, 2012 in local currency			Security code number
Asia Pacific	ACC Limited	Mumbai	Mumbai	INR	268,639	million	INE012A01025
	Ambuja Cements Ltd.	Mumbai	Mumbai	INR	309,868	million	INE079A01024
	Siam City Cement Public Company Limited	Bangkok	Bangkok	THB	96,600	million	TH0021010Z14
	PT Holcim Indonesia Tbk.	Jakarta	Jakarta	IDR	22,222,410	million	ID1000072309
	Holcim Philippines Inc.	Manila	Manila	PHP	90,329	million	PHY3232G1014
Latin America.......	Holcim (Costa Rica) S.A.	San José	San José	CRC	163,477	million	CRINC00A0010
	Holcim (Ecuador) S.A.	Guayaquil	Quito, Guayaquil	USD	1,331	million	ECP516721068
	Holcim (Argentina) S.A.	Buenos Aires	Buenos Aires	ARS	1,370	million	ARP6806N1051
	Cemento Polpaico S.A.	Santiago	Santiago	CLP	107,071	million	CLP2216J1070
Europe..................	Holcim (Deutschland) AG	Hamburg	Frankfurt	EUR	396	million	DE0005259006
Africa Middle East.......................	Holcim (Maroc) S.A.	Rabat	Casablanca	MAD	8,315	million	MA0000010332
	Holcim (Liban) S.A.L.	Beirut	Beirut	USD	307	million	LB0000012833

Principal finance and holding companies

Company	Place	Nominal share capital in 000		Participation (voting right)
Holcim Ltd[1]	Switzerland	CHF	654,173	100.0%
Aggregate Industries Holdings Limited	United Kingdom	GBP	505,581	100.0%
Holcibel S.A.	Belgium	EUR	976,000	100.0%
Holcim Auslandbeteiligungs GmbH (Deutschland)	Germany	EUR	2,556	100.0%
Holcim Beteiligungs GmbH (Deutschland)	Germany	EUR	102,000	100.0%
Holcim Capital Corporation Ltd.	Bermuda	USD	2,630	100.0%
Holcim Capital México, S.A. de C.V.	Mexico	MXN	50	100.0%
Holcim Capital (Thailand) Ltd.	Thailand	THB	1,100	100.0%
Holcim European Finance Ltd.	Bermuda	EUR	25	100.0%
Holcim Finance (Australia) Pty Ltd	Australia	AUD	0	100.0%
Holcim Finance (Belgium) S.A.	Belgium	EUR	62	100.0%
Holcim Finance (Canada) Inc.	Canada	CAD	0	100.0%
Holcim Finance (Luxembourg) S.A.	Luxembourg	EUR	1,900	100.0%
Holcim GB Finance Ltd.	Bermuda	GBP	8	100.0%
Holcim (India) Private Limited	India	INR	56,903,850	100.0%
Holcim Investments (France) SAS	France	EUR	15,551	100.0%
Holcim Investments (Spain) S.L.	Spain	EUR	141,857	100.0%
Holcim Overseas Finance Ltd.	Bermuda	CHF	16	100.0%
Holcim Participations (UK) Limited	United Kingdom	GBP	690,000	100.0%
Holcim Participations (US) Inc.	USA	USD	67	100.0%
Holcim US Finance S.à r.l. & Cie S.C.S.	Luxembourg	USD	20	100.0%
Holderfin B.V.	Netherlands	EUR	3,772	100.0%

Note:

(1) Holcim Ltd, Zürcherstrasse 156, CH-8645 Jona

Principal associated companies

Region	Company	Country of incorporation or residence	Participation (voting right)
Asia Pacific	Huaxin Cement Co. Ltd.	China	41.9%
Africa Middle East	Lafarge Cement Egypt S.A.E.	Egypt	43.7%
	United Cement Company of Nigeria Ltd	Nigeria	35.9%

Report of the auditors of Holcim Ltd on the statutory financial statements as of and for the year ended December 31, 2014

To the General Meeting of Holcim Ltd, Jona

Zurich, 20 February 2015

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Holcim Ltd, which comprise the statement of income, balance sheet, change in shareholders' equity and notes presented on pages F-259 to F-272 for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2014, comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with Art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors. We further confirm that the proposed appropriation of available retained earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Willy Hofstetter	Elisa Alfieri
Licensed Audit Expert	Licensed Audit Expert
Auditor in charge	

Statutory Financial Statements as of and for the year ended December 31, 2014

Statement of income Holcim Ltd

	2014	2013
	Million CHF	
Financial income	418.3	1,019.1
Other ordinary income	277.2	277.3
Extraordinary income	0.0	52.7
Total income	**695.5**	**1,349.1**
Financial expenses	(73.0)	(112.0)
Other ordinary expenses	(219.5)	(145.9)
Taxes	(25.7)	(26.3)
Total expenses	**(318.2)**	**(284.2)**
Net income	**377.3**	**1,064.9**

Balance Sheet Holcim Ltd

	31.12.2014	31.12.2013
	Million CHF	
Cash and cash equivalents	81.5	72.6
Accounts receivable – Group companies	64.5	31.2
Prepaid expenses and other current assets	8.5	3.7
Total current assets	**154.5**	**107.5**
Loans – Group companies	1,772.4	1,607.5
Financial investments – Group companies	18,411.8	18,531.1
Other financial investments	84.9	85.9
Total long-term assets	**20,269.1**	**20,224.5**
Total assets	**20,423.6**	**20,332.0**
Current financing liabilities – Group companies	52.2	209.0
Current financing liabilities – Third parties	250.0	0.0
Other current liabilities	93.5	29.9
Total current liabilities	**395.7**	**238.9**
Long-term financing liabilities – Group companies	231.0	0.0
Outstanding bonds	2,025.0	2,275.0
Total long-term liabilities	**2,256.0**	**2,275.0**
Total liabilities	**2,651.7**	**2,513.9**
Share capital	654.2	654.2
Legal reserves		
– Ordinary reserves	2,450.3	2,430.5
– Capital contribution reserves	5,717.1	6,140.6
– Reserves for treasury shares	81.8	101.6
Free reserves	7,662.8	6,862.8
Retained earnings	1,205.7	1,628.4
Total shareholders' equity	**17,771.9**	**17,818.1**
Total liabilities and shareholders' equity	**20,423.6**	**20,332.0**

Change in shareholders' equity Holcim Ltd

	Share Capital	Ordinary reserves	Capital contribution	Reserves for treasury shares	Free reserves	Retained earnings	Total
				Million CHF			
Equity as at 1 January 2014	**654.2**	**2,430.5**	**6,140.6**	**101.6**	**6,862.8**	**1,628.4**	**17,818.1**
Decrease reserves for treasury shares		19.8		(19.8)			
Allocation to free reserves			(423.5)		423.5		
Payout					(423.5)		(423.5)
Allocation to free reserves					800.0	(800.0)	
Net income of the year						377.3	377.3
Equity as at 31 December 2014	**654.2**	**2,450.3**	**5,717.1**	**81.8**	**7,662.8**	**1,205.7**	**17,771.9**

	Share Capital	Ordinary reserves	Capital contribution	Reserves for treasury shares	Free reserves	Retained earnings	Total
				Million CHF			
Equity as at 1 January 2013	**654.2**	**2,417.8**	**6,514.9**	**114.3**	**6,062.8**	**1,363.5**	**17,127.5**
Decrease reserves for treasury shares		12.7		(12.7)			
Allocation to free reserves			(374.3)		374.3		
Payout					(374.3)		(374.3)
Allocation to free reserves					800.0	(800.0)	
Net income of the year						1,064.9	1,064.9
Equity as at 31 December 2013	**654.2**	**2,430.5**	**6,140.6**	**101.6**	**6,862.8**	**1,628.4**	**17,818.1**

Notes to the financial statements of Holcim Ltd

Contingent liabilities	31.12.2014	31.12.2013
	Million CHF	
Holcim Capital Corporation Ltd.		
Guarantees in respect of holders of		
6.59% USD 165 million private placement due in 2014	0	160
7.65% USD 50 million private placement due in 2031	83(1)	68
6.88% USD 250 million bonds due in 2039	272(1)	245
6.50% USD 250 million bonds due in 2043	272(1)	245
Holcim Capital México, S.A. de C.V.		
Guarantees in respect of holders of		
3.86% MXN 1,500 million bonds due in 2015	111(2)	112
3.98% MXN 800 million bonds due in 2016	59(2)	60
3.68% MXN 2,000 million bonds due in 2018	148(2)	0
7.00% MXN 1,700 million bonds due in 2019	126(2)	127
Holcim Capital (Thailand) Ltd.		
Guarantees in respect of holders of		
3.52% THB 1,220 million bonds due in 2015	40(3)	36
Holcim Finance (Australia) Pty Ltd		
Guarantees in respect of holders of		
7.00% AUD 250 million bonds due in 2015	223(4)	218
6.00% AUD 250 million bonds due in 2017	223(4)	218
5.25% AUD 200 million bonds due in 2019	178(4)	174
Holcim Finance (Belgium) S.A.		
Commercial Paper Program, guarantee based on utilization, EUR 500 million maximum	37(6)	0
Holcim Finance (Canada) Inc.		
Guarantees in respect of holders of		
6.91% CAD 10 million private placement due in 2017	10(5)	10
3.65% CAD 300 million bonds due in 2018	281(5)	276
Holcim Finance (Luxembourg) S.A.		
Guarantees in respect of holders of		
4.38% EUR 600 million bonds due in 2014	0	809
9.00% EUR 650 million bonds due in 2014	0	877

Contingent liabilities	**31.12.2014**	**31.12.2013**
	Million CHF	
6.35% EUR 200 million bonds due in 2017	265(6)	270
3.00% EUR 500 million bonds due in 2024	661(6)	0
Holcim GB Finance Ltd.		
Guarantees in respect of holders of		
8.75% GBP 300 million bonds due in 2017	508(7)	485
Holcim Overseas Finance Ltd.		
Guarantees in respect of holders of		
3.38% CHF 425 million bonds due in 2021	468	468
Holcim US Finance S.à r.l. & Cie S.C.S.		
Commercial Paper Program, guarantee based on utilization, USD 1,000 million maximum	263(1)	439
Guarantees in respect of holders of		
6.10% USD 125 million private placement due in 2016	124(1)	111
6.21% USD 200 million private placement due in 2018	198(1)	178
6.00% USD 750 million bonds due in 2019	816(1)	734
2.63% EUR 500 million bonds due in 2020	661(6)	674
4.20% USD 50 million bonds due in 2033	54(1)	49
5.15% USD 500 million bonds due in 2023	544(1)	489
Guarantees for committed credit lines, utilization CHF 283 million (2013: 209)	3,004	3,697
Other guarantees	16	20

Holcim Ltd is part of a value added tax group and therefore jointly liable to the Swiss Federal Tax Administration for the value added tax liabilities of the other members.

Notes:

(1) Exchange rate USD: CHF 0.9891.

(2) Exchange rate MXN: CHF 0.0672.

(3) Exchange rate THB: CHF 0.0301.

(4) Exchange rate AUD: CHF 0.8104.

(5) Exchange rate CAD: CHF 0.8522.

(6) Exchange rate EUR: CHF 1.2027.

(7) Exchange rate GBP: CHF 1.5391.

Issued bonds

The outstanding bonds and private placements as of 31 December 2014, are listed on pages 199 and 200.

Principal investments

The principal direct and indirect investments of Holcim Ltd are listed under the heading "Principal companies of the Holcim Group" on pages 219 to 221.

Treasury Shares		Number	Price per share in CHF	Million CHF
01.01.2014	Treasury shares	1,522,510	66.72	101.6
01.01. to 31.12.2014	Purchases	61,542	74.92	4.6
01.01. to 31.12.2014	Sales	(364,713)	62.45	(24.4)
31.12.2014	Treasury shares	1,219,339	67.08	81.8
01.01.2013	Treasury shares	1,736,538	65.81	114.3
01.01. to 31.12.2013	Purchases	163,846	75.20	12.3
01.01. to 31.12.2013	Sales	(377,874)	62.14	(25.0)
31.12.2013	Treasury shares	1,522,510	66.72	101.6

Conditional share capital		Number	Price per share in CHF	Million CHF
01.01.2014	Conditional shares par value	1,422,350	2.00	2.8
01.01. to 31.12.2014	Movement	0	0	0
31.12.2014	Conditional shares par value	1,422,350	2.00	2.8
01.01.2013	Conditional shares par value	1,422,350	2.00	2.8
01.01. to 31.12.2013	Movement	0	0	0
31.12.2013	Conditional shares par value	1,422,350	2.00	2.8

Share interests of Board of Directors and senior management

As of 31 December 2014, the members of the Board of Directors and senior management of Holcim held directly and indirectly in the aggregate 66,017,050 registered shares (2013: 66,088,807) and no rights to acquire further registered shares and 548,184 call options on registered shares (2013: 550,151).

Number of shares held by the Board of Directors as of 31 December 2014[(1)]

Name	Position	Total number of shares 2014
Wolfgang Reitzle	Chairman, Governance & Strategy Committee Chairman	2,241
Beat Hess	Deputy Chairman	4,693
Alexander Gut	Member, Audit Committee Chairman	4,092
Adrian Loader	Member, Nomination and Compensation Committee Chairman	10,493
Jürg Oleas	Member	0
Thomas Schmidheiny	Member	65,777,912
Hanne Sørensen	Member	1,015
Dieter Spälti	Member	41,912
Anne Wade	Member	985
Total Board of Directors		**65,843,343**

Number of shares held by the Board of Directors as of 31 December 2013[(1)]

Name	Position	Total number of shares 2013
Rolf Soiron	Chairman, Governance & Strategy Committee Chairman	39,514
Beat Hess	Deputy Chairman	3,515
Erich Hunziker	Deputy Chairman, Nomination and Compensation Committee Chairman	13,551
Alexander Gut	Member, Audit Committee Chairman	2,914
Adrian Loader	Member	9,315
Andreas von Planta	Member	13,309
Wolfgang Reitzle	Member	1,063
Thomas Schmidheiny	Member	65,776,734
Hanne Sørensen	Member	230
Dieter Spälti	Member	40,413
Anne Wade	Member	200
Total Board of Directors		**65,900,758**

Note:

(1) From allocation, shares are subject to a five-year sale and pledge restriction period.

Shares and options owned by Senior Management

As of 31 December 2014, members of Senior Management held a total of 173,707 registered shares in Holcim Ltd. This figure includes both privately acquired shares and those allocated under the Group's participation and compensation schemes. Furthermore, at the end of 2014, Senior Management held a total of 548,184 share options; these arose as a result of the participation and compensation schemes of various years. Options are issued solely on registered shares in Holcim Ltd. One option entitles the holder to subscribe to one registered share in Holcim Ltd.

Number of shares and options held by the senior management as of 31 December 2014[1]

Name	Position	Total number of shares 2014	Total number of call options 2014
Bernard Fontana	CEO	10,113	73,794
Thomas Aebischer	Member of the Executive Committee, CFO	12,285	67,474
Urs Bleisch	Member of the Executive Committee[2]	3,921	38,563
Roland Köhler	Member of the Executive Committee	18,291	87,495
Andreas Leu	Member of the Executive Committee	19,302	69,934
Bernard Terver	Member of the Executive Committee	25,439	49,123
Ian Thackwray	Member of the Executive Committee	11,696	81,719
Horia Adrian	Area Manager	2,500	4,251
Daniel Bach	Area Manager[3]	1,785	0
Alain Bourguignon	Area Manager[3]	4,358	0
Javier de Benito	Area Manager	23,737	16,501
Urs Fankhauser	Area Manager	6,175	11,077
Kaspar E.A. Wenger	Area Manager	19,932	4,952
Jacques Bourgon	Corporate Functional Manager	5,480	24,872
Xavier Dedullen	Corporate Functional Manager	333	2,373
Aidan Lynam	Corporate Functional Manager[4]	8,360	16,056
Total senior management		**173,707**	**548,184**

Number of shares and options held by the senior management as of 31 December 2013(1)

Name	Position	Total number of shares 2013	Total number of call options 2013
Bernard Fontana	CEO	5,489	55,302
Thomas Aebischer	Member of the Executive Committee, CFO	9,464	56,548
Paul Hugentobler	Member of the Executive Committee	40,843	96,050
Roland Köhler	Member of the Executive Committee	15,470	80,402
Andreas Leu	Member of the Executive Committee	16,481	69,934
Bernard Terver	Member of the Executive Committee	22,618	42,819
Ian Thackwray	Member of the Executive Committee	8,875	70,091
Horia Adrian	Area Manager	2,280	1,228
Javier de Benito	Area Manager	22,858	27,269
Urs Fankhauser	Area Manager	5,107	7,835
Aidan Lynam	Area Manager	7,482	12,718
Onne van der Weijde	Area Manager	3,152	3,378
Kaspar E.A. Wenger	Area Manager	19,759	1,228
Urs Bleisch	Corporate Functional Manager	3,306	939
Jacques Bourgon	Corporate Functional Manager	4,865	24,410
Xavier Dedullen	Corporate Functional Manager	0	0
Total senior management		**188,049**	**550,151**

Notes:

(1) From allocation, shares are subject to a five-year and options to a three-year and nine-year sale restriction period respectively.

(2) Since October 1, 2014.

(3) Since January 1, 2014.

(4) Since February 6, 2014.

Movements in the number of share options outstanding held by Senior Management are as follows:

	Number 2014[1]	**Number 2013**[1]
1 January	**550,151**	**508,587**
Decrease due to change in senior management	6,116	0
Decrease due to retirements	70,499	0
Granted and vested (individual component of variable compensation)	99,532	96,480
Granted and vested (single allotment)	33,550	11,183
Exercised	11,530	66,099
Lapsed	46,904	0
31 December	**548,184**	**550,151**
Of which exercisable at the end of the year	85,982	136,963

Note:

(1) Adjusted to reflect former share splits and/or capital increases.

The share options outstanding held by senior management (including former members) at year-end 2014 have the following expiry dates and exercise prices:

Option grant date	Expiry date	Exercise price[1]	Number 2014[1]	Number 2013[1]
2002	2014	CHF 67.15	0	122,737
2003	2015[2]	CHF 67.15	0	33,550
2004	2016[2]	CHF 67.15	23,550	33,550
2005	2014[2]	CHF 74.54	0	71,423
2006	2014	CHF 100.69	0	58,573
2007	2015	CHF 125.34	49,674	49,674
2008	2016	CHF 104.34	71,083	71,083
2008	2020	CHF 67.15	33,550	33,550
2009	2017	CHF 38.26	153,482	224,478
2010	2018	CHF 71.15	99,493	131,631
2010	2022	CHF 75.40	33,550	33,550
2010	2022	CHF 81.45	33,550	33,550
2011	2019	CHF 67.15	113,957	149,763
2011	2023	CHF 71.50	67,100	67,100
2012	2020	CHF 58.50	179,894	179,894
2012	2024	CHF 67.15	33,550	33,550
2013	2021	CHF 71.90	122,770	122,770
2013	2025	CHF 71.50	11,183	11,183
2014	2022	CHF 69.15	99,532	0
2014	2026	CHF 71.50	33,550	0
Total			**1,159,468**	**1,461,609**

Notes:

(1) Adjusted to reflect former share splits and/or capital increases.

(2) Due to trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.

In 2014, one new Executive Committee member was granted in total 33,550 options.

Important shareholders[1]

As per 31 December 2014, Thomas Schmidheiny directly and indirectly held 65,777,912 shares (20.11 per cent.) (2013: 65,776,734 shares or 20.11 per cent.)[2]. Eurocement Holding AG declared holdings of 35,402,772 shares (10.82 per cent.) as per 31 December 2014 (2013: 35,402,772 shares or 10.82 per cent.). Harris Associates L.P. declared holdings of 16,163,815 shares (4.94 per cent.) as per 14 April 2014 (2013: 16,711,883 shares or 5.11

1 Shareholding of more than 3 per cent.

2 Included in share interests of Board of Directors and senior management.

per cent.), Harbour International Fund declared holdings of 9,840,977 shares (3.01 per cent.) as per 4 August 2014 and BlackRock Inc. declared holdings of 9,582,830 shares (2.93 per cent.) as per 26 January 2015 (9 April 2014: 11,398,633 shares or 3.48 per cent.).

The information disclosed complies with Swiss legal requirements. Further information can be found in the remuneration report on pages 117 to 129 and in the notes to the consolidated financial statements on pages 175 to 218. Specific information in accordance with Art. 663b para. 12 (risk assessment) and Art. 663c para. 3 (transparency law) of the Swiss Code of Obligations are disclosed in the section "Risk management" on pages 167 to 173.

Share capital	**2014**		**2013**	
Shares	**Number**	**Million CHF**	**Number**	**Million CHF**
Registered shares of CHF 2 par value..........	327,086,376	654.2	327,086,376	654.2
Total..	**327,086,376**	**654.2**	**327,086,376**	**654.2**

Appropriation of retained earnings	**2014**	**2013**
	Million CHF	*Million CHF*
Retained earnings brought forward	828.4	563.5
Net income of the year	377.3	1,064.9
Retained earnings available for annual general meeting of shareholders..	**1,205.7**	**1,628.4**
The Board of Directors proposes to the annual general meeting of shareholders the following appropriation:		
Allocation to free reserves	(600.0)	(800.0)
Balance to be carried forward..	**605.7**	**828.4**

Payout from capital contribution reserves

The Board of Directors proposes to the annual general meeting of shareholders an appropriation from capital contribution reserves to free reserves and payout of CHF 1.30 per registered share up to an amount of CHF 425 million[1].

	2014 Cash payout CHF	2013 Cash payout CHF
Payout per share, gross	1.30	1.30
Less withholding tax	0	0
Payout per share, net	1.30	1.30

[1] There is no payout on treasury shares held by Holcim. On 1 January 2015, treasury holdings amounted to 1,219,339 registered shares.

3 Holcim First Quarter 2015 Unaudited Interim Results Report

The financial information contained in the Holcim First Quarter 2015 Unaudited Interim Results Report was neither audited nor subject to a limited review by the auditors of Holcim.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

Key figures Group Holcim

		2015	2014	±%	±% like-for-like
January-March					
Annual cement production capacity	million t	212.0	211.4[(2)]	+0.3	+0.3
Sales of cement	million t	31.2	33.0	–5.5	–5.7
Sales of mineral components	million t	0.8	0.7	+23.1	+0.7
Sales of aggregates	million t	29.5	29.2	+1.2	–4.0
Sales of ready-mix concrete	million m^3	8.0	8.2	–2.0	–5.8
Sales of asphalt	million t	1.6	1.4	+14.9	+14.9
Net sales	million CHF	3,972	4,088	–2.8	–1.6
Operating EBITDA	million CHF	593	617	–3.9	–4.0
Operating EBITDA adjusted[(1)]	million CHF	637	617	+3.3	+3.1
Operating EBITDA margin	%	14.9	15.1		
Operating EBITDA margin adjusted[(1)]	%	16.0	15.1		
Operating profit	million CHF	261	295	–11.5	–12.7
Operating profit adjusted[(1)]	million CHF	306	295	+3.5	+2.2
Operating profit margin	%	6.6	7.2		
Operating profit margin adjusted[(1)]	%	7.7	7.2		
EBITDA	million CHF	1,037	673	+54.2	
Net income	million CHF	378	179	+111.8	
Net income margin	%	9.5	4.4		
Net income – shareholders of Holcim Ltd	million CHF	310	80	+289.3	
Cash flow from operating activities	million CHF	(214)	(243)	+12.1	+16.1
Cash flow margin	%	(5.4)	(5.9)		
Net financial debt	million CHF	9,670	9,644[(2)]	+0.3	+5.6
Total shareholders' equity	million CHF	19,058	20,112[(2)]	–5.2	
Personnel		63,082	67,584[(2)]	–6.7	–6.9
Earnings per share	CHF	0.95	0.24	+295.8	
Fully diluted earnings per share	CHF	0.95	0.24	+295.8	

Principal key figures in USD (illustrative)

		2015	2014	±%
January-March				
Net sales	million USD	4,167	4,579	–9.0
Operating EBITDA	million USD	622	691	–10.0
Operating EBITDA adjusted(1)	million USD	668	691	–3.3
Operating profit	million USD	274	331	–17.1
Operating profit adjusted(1)	million USD	321	331	–3.1
Net income – shareholders of Holcim Ltd	million USD	325	89	+264.6
Cash flow from operating activities	million USD	(224)	(272)	+17.7
Net financial debt	million USD	9,953	9,750(2)	+2.1
Total shareholders' equity	million USD	19,616	20,334(2)	–3.5
Earnings per share	USD	1.00	0.27	+270.8

Principal key figures in EUR (illustrative)

		2015	2014	±%
January-March				
Net sales	million EUR	3,699	3,342	+10.7
Operating EBITDA	million EUR	552	504	+9.5
Operating EBITDA adjusted(1)	million EUR	593	504	+17.6
Operating profit	million EUR	243	241	+0.9
Operating profit adjusted(1)	million EUR	285	241	+18.0
Net income – shareholders of Holcim Ltd	million EUR	289	65	+341.3
Cash flow from operating activities	million EUR	(199)	(199)	–0.1
Net financial debt	million EUR	9,244	8,018(2)	+15.3
Total shareholders' equity	million EUR	18,219	16,723(2)	+8.9
Earnings per share	EUR	0.88	0.20	+351.0

Notes:

(1) Excluding merger costs in 2015.

(2) As of December 31, 2014.

HOLCIM
FIRST QUARTER 2015

- Net income significantly higher
- Adjusted operating profit and margin increase despite lower volumes
- Margins improve in India although cement volumes were temporarily affected by lower demand
- Rebound in the United States continues
- Different weather pattern in Europe with stronger winter than in last year's quarter
- Group well positioned and prepared for merger with Lafarge

Dear Shareholder,

Holcim reported robust development in the first quarter 2015, with an increase in financial performance despite a different weather pattern and some volume declines compared to a very strong previous year's quarter. Holcim also generated higher cash flow from operating activities and increased net income significantly supported by the gain from the divestment of the Group's minority shareholding in Siam City Cement.

Holcim continued to operate in a weak global economic environment that was characterized by uncertainty and moderate growth prospects. The development was positively impacted by lower oil prices but at the same time investment weakness more than offset these effects in both advanced and emerging markets. However, based on its strong geographic footprint, focus on prices, disciplined cost management, and previous restructuring, Holcim was able to mitigate the adverse economic effects. Following the exceptionally strong first quarter 2014, cement deliveries declined as all Group regions except North America and Latin America sold less volume. However, in important markets including Mexico, the United States, and the Philippines more cement was sold. Aggregate shipments increased thanks to Holcim Germany, Aggregate Industries UK, and Aggregate Industries US. Ready-mix concrete volumes were down.

Adjusted for merger costs, operating EBITDA increased, mainly as a result of the positive development in the Group regions Asia Pacific and Latin America. Operating profit adjusted for merger costs was also higher. ACC in India, Holcim Spain, Holcim Australia, Aggregate Industries UK, and Holcim Mexico were the Group companies with the strongest progress, while countries such as France, Indonesia, Canada, and Lebanon reported lower financial results.

ROIC after taxes stood at 8.1 percent, while net financial debt decreased.

		Jan-March 2015	**Jan-March 2014**	**±%**	**±% like-for-like**
Group					
Sales of cement	million t	31.2	33.0	–5.5	–5.7
Sales of aggregates	million t	29.5	29.2	+1.2	–4.0
Sales of ready-mix concrete	million m^3	8.0	8.2	–2.0	–5.8
Sales of asphalt	million t	1.6	1.4	+14.9	+14.9
Net sales	million CHF	3,972	4,088	–2.8	–1.6
Operating EBITDA	million CHF	593	617	–3.9	–4.0
Operating EBITDA adjusted(1)	million CHF	637	617	+3.3	+3.1
Operating profit	million CHF	261	295	–11.5	–12.7
Operating profit adjusted(1)	million CHF	306	295	+3.5	+2.2
Net income	million CHF	378	179	+111.8	
Net income – shareholders of Holcim Ltd	million CHF	310	80	+289.3	
Cash flow from operating activities	million CHF	(214)	(243)	+12.1	+16.1

Note:

(1) Excluding merger costs in 2015.

Sales volumes

Consolidated cement volumes decreased 5.5 percent to 31.2 million tonnes in the first three months of the year. While North America and Latin America increased cement volumes, the other Group regions reported declines. Aggregates volumes increased 1.2 percent to 29.5 million tonnes, as the volume growth in Europe and North America was able to make up for the negative development in other Group regions. Ready-mix concrete deliveries reached 8.0 million cubic meters, a decline of 2.0 percent, which was mainly attributable to less favorable development in Latin America, where the focus remained on high-margin applications, and North America. Asphalt sales were up markedly by 14.9 percent to 1.6 million tonnes.

Cement prices increased 4.0 percent and aggregates prices 4.2 percent.

Financial results

Like-for-like net sales across the Group decreased 1.6 percent during the first quarter of the year. Reported net sales were down 2.8 percent to CHF 3,972 million, as increases in North America could not compensate for lower sales in other Group regions.

Operating EBITDA adjusted for merger costs of CHF 44 million was 3.3 percent higher than last year. The adjusted operating EBITDA margin increased to 16.0 percent. Reported operating EBITDA decreased 3.9 percent to CHF 593 million, impacted by merger costs and lower financial performance in the Group regions Europe and Africa Middle East. Operating profit adjusted for merger costs of CHF 44 million was up 3.5 percent, while the adjusted operating profit margin increased to 7.7 percent. Reported operating profit decreased by 11.5 percent to CHF 261 million, as increases in the Group regions Asia Pacific and Latin America were not able to compensate for merger costs and lower performance in Europe and in Canada, where a harsher winter was noted.

Net income increased significantly by 111.8 percent to CHF 378 million, mainly as a result of the divestment of Holcim's minority shareholding in Siam City Cement. Net income attributable to shareholders of Holcim Ltd was also up markedly by 289.3 percent to CHF 310 million.

Cash flow from operating activities improved 12.1 percent to CHF -214 million in the first quarter, a quarter which is traditionally lower than the others. Net financial debt over the last twelve months decreased by CHF 370 million and stood at CHF 9,670 million.

Holcim Leadership Journey

In the first quarter of 2015, the contribution of the Holcim Leadership Journey to the Group's operating profit amounted to CHF 85 million. The Customer Excellence Stream contributed CHF 21 million and the cost initiatives CHF 64 million to this result building on the good traction in the procurement and logistics streams.

Portfolio optimization

Holcim continued to actively optimize its operational footprint in the first quarter of the year. The Group sold its entire remaining shareholding of 27.5 percent in Siam City Cement in Thailand via a private placement in capital markets. For the sale of its entire remaining stake, Holcim received a total consideration of CHF 661 million, which resulted in a gain before taxes of CHF 371 million. Early in January 2015, Holcim also closed its series of transactions in Europe with Cemex.

On March 25, 2015 Holcim received from the Foreign Investment Promotion Board (FIPB) the approval for the planned simplification of the Group's structure in India. The FIPB in turn has sent the case with a recommendation for approval to the Cabinet Committee of Foreign Affairs (CCEA). Holcim is now awaiting final approval by the CCEA in the coming weeks.

Merger to create LafargeHolcim

In March 2015 Holcim and Lafarge reached an agreement on revised terms for their merger, taking another important step forward towards becoming the most advanced company in their industry. The Boards of Directors of both companies agreed on a new exchange ratio of nine Holcim shares for ten Lafarge shares. Holcim and Lafarge have also agreed that, subject to shareholder approval, the new company will announce a post-closing scrip dividend of one LafargeHolcim share for each 20 existing shares.

Eric Olsen was appointed future Chief Executive Officer of LafargeHolcim, to take office as of the closing of the merger project. Eric Olsen is presently Lafarge Executive Vice-President Operations and has been a member of that Group's Executive Committee since 2007. Wolfgang Reitzle will act as the statutory Chairman and Beat Hess will be Vice-Chairman of the Board. In addition, Wolfgang Reitzle and Bruno Lafont will be non-executive Co-Chairmen of the Board.

In February, Holcim and Lafarge announced that CRH plans to acquire the majority of the assets that were identified during the divestment process for an enterprise value of CHF 6.8 billion. These assets are mainly in Europe, Canada, Brazil, and the Philippines. Following these important milestones, both companies are continuing to work intensively on preparing the closing of the transaction and a successful post-merger integration.

Asia Pacific impacted by temporarily lower construction activities in India

Economic activity in the Group region Asia Pacific remained solid despite mitigating effects of lower growth in China. India's return to higher growth rates has gathered steam following the positive sentiment that materialized in the course of 2014, although construction markets were temporarily weaker. The Philippines continued to see lively demand for building materials and benefited from an overall robust economic climate.

		Jan-March 2015	Jan-March 2014	±%	±% like-for-like
Asia Pacific					
Sales of cement	million t	17.1	18.5	–7.3	–7.3
Sales of aggregates	million t	5.3	6.0	–12.5	–12.5
Sales of ready-mix concrete	million m^3	2.5	2.5	+0.7	+0.7
Net sales	million CHF	1,656	1,683	–1.6	–3.9
Operating EBITDA	million CHF	357	327	+9.0	+5.8
Operating profit	million CHF	257	234	+9.8	+5.8

Ambuja Cements and ACC, Holcim's Group companies in India, sold less cement in the first quarter compared with a year ago. Demand temporarily slowed down to a level slightly less than generally expected. Variances between the two companies are mainly due to regional differences in demand and different sales footprints. While in Sri Lanka volumes increased, Bangladesh reported lower deliveries than in the previous years' quarter due to the political situation.

Holcim Vietnam increased cement volumes markedly despite continued oversupply in the country and ongoing competitive pressure. Year-on-year ready-mix concrete deliveries increased. Malaysia's construction industry experienced another quarter with lively construction activity and Holcim's local Group company was able to consequently increase cement and aggregates sales markedly.

Demand for building materials continued to be high in the Philippines as investment from both the government as well as the private and commercial sectors remained high. Holcim Philippines consequently sold more cement.

Cement consumption in Indonesia was down 3 percent compared with 2014, prices have been reduced due to government intervention, and infrastructure projects were delayed. Aggregates and ready-mix concrete sales were down as well.

Bad weather in Queensland coupled with lower resource project activities negatively affected cement volumes at Cement Australia. Holcim Australia also felt the effects of poor weather in Queensland and New South Wales and lower mining investments. Aggregates and ready-mix concrete deliveries were lower than in the first quarter of 2014. However, business performance is improving due to cost-cutting measures implemented in 2014. Holcim New Zealand continued to also benefit from lively construction activity. Higher demand in the Auckland region fuelled cement volume growth. Aggregates shipments also increased.

Consolidated cement volumes in the Group region Asia Pacific were down 7.3 percent to 17.1 million tonnes in the first quarter 2015, mainly as a result of lower volumes in India. Aggregates volumes reached 5.3 million tonnes, a drop of 12.5 percent. Ready-mix concrete deliveries remained stable at 2.5 million cubic meters. Net sales in Asia Pacific decreased by 1.6 percent to CHF 1,656 million.

Operating profit increased 9.8 percent to CHF 257 million mainly as a result of improved financial performance at ACC, Holcim Australia, and Cement Australia. Like-for-like operating profit also increased 5.8 percent.

Latin America with increased profitability

Latin America's economic development remained uneven as a number of countries felt the effects of lower oil and other commodity prices. Mexico however benefited from more dynamic activity and a lively construction market, building on the rebound that began in 2014. Brazil in contrast continued to suffer from an overall challenging economic environment with high interest rates and low industrial production that also negatively impacted demand for building materials. Construction activity in many markets was slowed down by the overall still challenging economic situation in the Group region.

		Jan-March 2015	**Jan-March 2014**	**±%**	**±% like-for-like**
Latin America					
Sales of cement	million t	5.9	6.0	–1.4	–1.4[(1)]
Sales of aggregates	million t	1.2	2.1	–43.8	–43.8
Sales of ready-mix concrete	million m^3	1.5	1.7	–8.1	–8.1
Net sales	million CHF	707	723	–2.3	+2.3
Operating EBITDA	million CHF	231	211	+10.0	+12.6
Operating profit	million CHF	187	167	+12.1	+14.1

Note:

(1) The percentage change like-for-like adjusted for internal trading volumes eliminated in "Corporate/Eliminations" amounts to +0.3.

Holcim Mexico benefited from the recovery of the local economy that was driven by the National Infrastructure Plan. Cement sales increased markedly thanks to a number of large projects that were kicked off in the first quarter as well as the continuing implementation of the retail strategy. Aggregates and ready-mix concrete volumes declined as a result of the exit from low-profitability market segments.

In Central America, Holcim El Salvador and Holcim Nicaragua sold more cement thanks to increased demand for building materials from both the private and public sectors. Cement volume development in Costa Rica was negative, partly as a result of lower exports to Panama and Nicaragua.

Construction activity in Colombia continued to be lively. Despite a national strike by truck drivers in March, which negatively affected distribution, Holcim Colombia benefited from the positive economic development and reported higher cement sales. Ready-mix concrete volumes remained flat, with sales focused on higher-margin specialty applications.

Holcim Ecuador reported lower cement volumes than in the previous year's quarter, which was positively influenced by elections. Ready-mix concrete volumes declined as well. In March 2015, Holcim Ecuador completed the second phase of the modernization of its Guayaquil cement plant, with a new clinker production line to substitute imports. The new line increases clinker capacity by 1.4 million tonnes.

Brazil's construction industry continued to suffer from the meager overall economic situation as well as lower demand for building materials and new production capacities. Despite increased sales in March, cement volumes were down significantly, partially due to less demand for special products from the oil industry. Aggregates and ready-mix concrete deliveries also declined.

In Chile, Cemento Polpaico reported stable cement volumes. Aggregates and ready-mix concrete volumes however were down. While Argentina's construction industry continued to suffer from macro-economic challenges Holcim's local Group company reported increased cement volumes thanks to high demand in the Cordoba region. Aggregates shipments decreased while in ready-mix concrete volumes were on par with the previous year's quarter.

Consolidated cement volumes in the Group region Latin America decreased 1.4 percent to 5.9 million tonnes in the first quarter of 2015, as increases in Mexico, Argentina, and Central America were not able to compensate for declines in Ecuador and Brazil. Adjusted for internal clinker exports from Mexico to Ecuador in the previous year's quarter, cement volumes increased by 0.3 percent year-on-year. Aggregates shipments were down 43.8 percent to 1.2 million tonnes as a result of footprint adjustments in 2014 and lower demand in Brazil. Ready-mix concrete volumes declined 8.1 percent to 1.5 million cubic meters as a result of last year's restructuring in Mexico. Net sales decreased 2.3 percent to CHF 707 million.

Operating profit was up 12.1 percent year-on-year to CHF 187 million as a result of better pricing, cost management, and the previous year's restructuring efforts. Like-for-like operating profit increased 14.1 percent.

Europe with a different weather pattern and a mixed start into the year

While some economies in Europe continued their slow-paced recovery, as lower oil prices and a favorable monetary policy supported economic activity, demand for building materials remained under pressure. In the United Kingdom the positive economic development and lively construction activity continued. France however was still impacted by muted growth and low investments. Southern Europe saw some isolated signs of improvement as Spain's recovery strengthened. Russia however experienced a sharp slowdown, but construction markets suffered less than other sectors.

		Jan-March 2015	Jan-March 2014	±%	±% like-for-like
Europe					
Sales of cement	million t	4.7	5.2	–9.6	–10.7
Sales of aggregates	million t	17.4	15.7	+10.9	+1.3
Sales of ready-mix concrete	million m^3	2.8	2.7	+5.5	–7.3
Sales of asphalt	million t	1.4	1.3	+12.8	+12.8
Net sales	million CHF	1,097	1,184	–7.3	–3.1
Operating EBITDA	million CHF	79	99	–19.9	–12.3
Operating loss	million CHF	(27)	(9)	–197.8	–160.6

As the United Kingdom's construction industry continued on its growth path, Holcim's local Group company Aggregate Industries UK also posted better results in the first quarter of 2015. Aggregates volumes increased despite some weather-related setbacks in Scotland. Increases in ready-mix concrete were again driven by high demand in the London area. Asphalt sales were also significantly higher.

After a particularly strong first quarter in the previous year, Holcim France remained impacted by shrinking construction activities in 2015, which led to volume declines in all segments. Holcim Belgium also suffered from a muted construction market and reported lower volumes in cement, aggregates, and ready-mix concrete.

Holcim Germany, which also benefited from very strong demand in the previous year's first quarter, was impacted by less lively construction activity. However, as a result of the acquisition of Cemex's operations in Western Germany, cement and aggregates volumes were higher. Holcim South Germany posted lower cement and aggregate shipments but could increase ready-mix concrete shipments.

Holcim Switzerland suffered from import pressures and a less dynamic market environment which resulted in lower deliveries for all three segments. In Italy volumes were down as well with the exception of aggregates, reflecting the overall challenging economic situation.

Domestic cement sales in Spain were driven by the gradual recovery of local construction markets. However, the divestments of the Gador and Yeles plants, as part of the transactions with Cemex, and lower exports caused cement volumes to decline. Aggregates shipments were higher, and ready-mix concrete deliveries were down. The development in both segments was impacted by restructuring measures and associated plant closures in 2014.

Development in Eastern Europe was heterogeneous over the first three months of 2015. While Holcim Romania benefited from several large construction projects, particularly in the Bucharest area, and improved cement sales, most other Group companies in the region posted declines. Aggregates shipments increased in all countries except Serbia.

The situation in Russia was mixed as demand for building materials was negatively impacted by the challenging economic climate, but construction projects in the Moscow region continued to fuel demand for building materials. Overall however, cement volumes decreased. In Azerbaijan, lower oil prices put pressure on the construction sector as investments were also lower. Cement sales in the Group company decreased also as a result of higher competitive pressure.

Consolidated cement volumes in the Group region Europe reached 4.7 million tonnes, a decrease of 9.6 percent, mainly on account of lower sales in France, Switzerland, and Russia. Aggregates and ready-mix concrete deliveries increased 10.9 percent to 17.4 million tonnes and 5.5 percent to 2.8 million cubic meters respectively as a result of the impact of the transactions with Cemex. Net sales declined 7.3 percent to CHF 1,097 million.

Operating profit declined markedly to CHF -27 million, primarily as a result of lower financial performance in France and Germany and following very good performance in the previous year's quarter. The change in like-for-like operating profit stood at -160.6 percent.

Recovery continues in North America despite harsh winter conditions

In the Group region North America economic growth strengthened despite the harsh winter conditions in large parts of the region. Construction markets benefited from the positive sentiment and demand for building materials rose. In Canada the development of the construction markets began to ease towards the end of the quarter.

		Jan-March 2015	Jan-March 2014	±%	±% like-for-like
North America					
Sales of cement	million t	2.1	2.0	+4.3	+4.3
Sales of aggregates	million t	5.4	5.0	+8.9	+8.9
Sales of ready-mix concrete	million m^3	1.0	1.2	–12.2	–9.4
Sales of asphalt	million t	0.2	0.1	+32.7	+32.7
Net sales	million CHF	496	444	+11.8	+9.3
Operating EBITDA	million CHF	(4)	(10)	+58.8	–2.5
Operating loss	million CHF	(71)	(71)	–0.2	–4.6

As the construction industry in the United States continued to benefit from favorable macro-economic sentiment, Holcim US increased cement deliveries in the first quarter of 2015. Stronger private residential construction more than offset some negative effects of bad weather in late February and March.

Aggregate Industries US also benefited from lively construction activity. Aggregate volumes were up markedly, with strong increases reported in the West Central and Mid-Atlantic regions. Ready-mix concrete sales declined but asphalt deliveries increased markedly.

Holcim Canada was impacted by harsh weather conditions that brought construction projects to a halt in some of its regions. Consequently, cement volumes were down, with the most pronounced decreases in Quebec and Atlantic. Exports to the United States were not able to make up for this development. While aggregates volumes were up, ready-mix concrete deliveries decreased.

Consolidated cement volumes in the Group region North America increased by 4.3 percent to 2.1 million tonnes, predominantly on account of higher volumes at Holcim US. Aggregates volumes were up 8.9 percent to 5.4 million tonnes, while ready-mix concrete deliveries decreased 12.2 percent to 1.0 million cubic meters. Asphalt volumes increased markedly to 0.2 million tonnes. Net sales in North America improved by 11.8 percent to CHF 496 million.

Operating loss was stable at CHF 71 million as the United States was able to compensate for the decreases in Canada. The change in like-for-like operating profit stood at -4.6 percent.

Africa Middle East suffers from political tensions

Economic development in the Group region Africa Middle East was impacted by muted growth in a number of markets. While in Morocco overall growth was solid, the construction sector remained in low gear. Lebanon's economy and construction sector continued to feel the region's political tensions. Economic growth in West Africa was partly impacted by the effects of the Ebola outbreak and political instability.

		Jan-March 2015	Jan-March 2014	±%	±% like-for-like
Africa Middle East					
Sales of cement	million t	1.8	2.0	–8.0	–8.0
Sales of aggregates	million t	0.3	0.4	–38.4	–38.4
Sales of ready-mix concrete	million m^3	0.1	0.2	–30.5	–30.5
Net sales	million CHF	168	206	–18.4	–13.5
Operating EBITDA	million CHF	45	67	–32.6	–26.3
Operating profit	million CHF	32	54	–39.5	–32.6

At Holcim Morocco, the Group region's largest company, domestic cement sales declined but clinker exports could be increased. Aggregates and ready-mix concrete deliveries declined markedly in a market that continued to be characterized by high competitive pressure.

Lebanon's construction industry was impacted by exceptionally bad weather at the beginning of the year which led to muted demand for building materials. Holcim Lebanon consequently reported a significant decline in cement and ready-mix concrete volumes.

Holcim's Group companies in the Indian Ocean region sold less cement as higher volumes in Madagascar were not able to compensate for decreases in La Réunion. Aggregates shipments decreased in the first quarter while ready-mix concrete sales were roughly on par year-on-year. Holcim's grinding stations along the West African coast and in the Middle East sold less cement, mainly as a result of declines in the Ivory Coast, which had benefited from a particularly good start into the previous year's quarter.

Consolidated cement volumes in the Group region Africa Middle East declined 8.0 percent to 1.8 million tonnes, mainly as a result of lower sales in Lebanon. Aggregates deliveries were down 38.4 percent to 0.3 million tonnes and sales of ready-mix concrete also decreased 30.5 percent to 0.1 million cubic meters. Net sales reached CHF 168 million, a decline of 18.4 percent, also impacted by negative currency effects.

Operating profit decreased 39.5 percent to CHF 32 million as Morocco and Lebanon reported lower financial performance. The change in like-for-like operating profit stood at -32.6 percent.

Outlook for 2015

Holcim expects for 2015 that the global economy continues its gradual recovery. Key construction markets of Holcim in countries like the USA, India, Indonesia, Mexico, Colombia, the UK, and the Philippines are expected to be the main growth drivers. Europe overall should have a flat development. Latin America will continue to face uncertainties in countries such as Argentina and Brazil but should overall show slight growth in 2015. The Asia Pacific region is expected to grow although at a still modest pace. Africa Middle East is expected gradually to improve.

In this environment cement volumes should increase in all Group regions in 2015 with the exception of Europe. Aggregate and ready-mix concrete volumes are expected to increase. On a stand-alone basis and unconnected to the proposed merger with Lafarge, the Board of Directors and Executive Committee of Holcim expect like-for-like operating profit adjusted for merger-related costs to be between CHF 2.7 billion and 2.9 billion in 2015. Higher pricing and ongoing cost savings are anticipated to offset cost inflation, leading to a further expansion in operating margins in 2015.

Wolfgang Reitzle	Bernard Fontana
Chairman of the Board of Directors	Chief Executive Officer
April 30, 2015	

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income of Group Holcim

	Notes	2015	2014
		(Unaudited)	
		(Million CHF)	
January–March			
Net sales	7	**3,972**	**4,088**
Production cost of goods sold		(2,319)	(2,387)
Gross profit		1,653	1,701
Distribution and selling expenses		(1,063)	(1,102)
Administration expenses		(329)	(304)
Operating profit	8	**261**	**295**
Other income	9	434	19
Share of profit of associates and joint ventures		8	26
Financial income	10	24	37
Financial expenses	11	(172)	(137)
Net income before taxes		**555**	**240**
Income taxes		(176)	(62)
Net income		**378**	**179**
Attributable to:			
Shareholders of Holcim Ltd		310	80
Non-controlling interest		68	99
Earnings per share in CHF			
Earnings per share		0.95	0.24
Fully diluted earnings per share		0.95	0.24

Consolidated statement of comprehensive earnings of Group Holcim

	Notes	2015	2014
		(Unaudited)	
		(Million CHF)	
January–March			
Net income		**378**	**179**
Other comprehensive earnings			
Items that will be reclassified to the statement of income in future periods			
Currency translation effects			
Exchange differences on translation	19	(1,312)	24
Realized through statement of income		(46)	0
Tax effect		7	3
Available-for-sale financial assets			
Change in fair value		0	0
Realized through statement of income		0	0
Tax effect		0	0
Cash flow hedges			
Change in fair value		4	2
Realized through statement of income		0	0
Tax effect		1	0
Net investment hedges in subsidiaries			
Change in fair value		2	0
Realized through statement of income		0	0
Tax effect		0	0
Subtotal		**(1,345)**	**29**
Items that will not be reclassified to the statement of income in future periods			
Defined benefit plans			
Remeasurements		(80)	(36)
Tax effect		7	8
Subtotal		**(73)**	**(28)**
Total other comprehensive earnings		**(1,418)**	**1**
Total comprehensive earnings		**(1,040)**	**180**
Attributable to:			
Shareholders of Holcim Ltd		(1,028)	44
Non-controlling interest		(12)	135

Consolidated statement of financial position of Group Holcim

	Notes	31 March 2015 (Unaudited)	31 December 2014 (Audited)	31 March 2014 (Unaudited)
			(Million CHF)	
Cash and cash equivalents		1,731	2,149	2,015
Accounts receivable		3,282	2,695	2,718
Inventories		1,944	1,863	1,743
Prepaid expenses and other current assets		411	317	410
Assets classified as held for sale	12	48	283	764
Total current assets		**7,416**	**7,307**	**7,649**
Long-term financial assets		516	491	538
Investments in associates and joint ventures		1,417	1,758	1,562
Property, plant and equipment		20,212	21,410	20,126
Intangible assets		7,324	7,779	7,487
Deferred tax assets		504	527	422
Other long-term assets		396	412	362
Total long-term assets		**30,369**	**32,378**	**30,497**
Total assets		**37,785**	**39,684**	**38,146**
Trade accounts payable		1,822	2,101	1,830
Current financial liabilities		2,143	2,502	2,886
Current income tax liabilities		533	419	425
Other current liabilities		1,599	1,634	1,543
Short-term provisions		170	234	186
Liabilities directly associated with assets classified as held for sale	12	5	33	236
Total current liabilities		**6,272**	**6,923**	**7,107**
Long-term financial liabilities		9,258	9,291	9,169
Defined benefit obligations		920	863	692
Deferred tax liabilities		1,282	1,415	1,264
Long-term provisions		995	1,080	1,077
Total long-term liabilities		**12,455**	**12,649**	**12,202**
Total liabilities		**18,727**	**19,572**	**19,309**
Share capital		654	654	654
Capital surplus		7,778	7,776	8,196
Treasury shares		(76)	(82)	(93)
Reserves		8,047	9,082	7,493
Total equity attributable to shareholders of Holcim Ltd		**16,403**	**17,430**	**16,250**
Non-controlling interest		2,655	2,682	2,587
Total shareholders' equity		**19,058**	**20,112**	**18,837**
Total liabilities and shareholders' equity		**37,785**	**39,684**	**38,146**

Consolidated statement of changes in equity of Group Holcim

	Share capital	Capital surplus	Treasury shares	*Retained earnings*	*Available-for-sale reserve*	*Cash flow hedging reserve*	*Currency translation adjust-ments*	Total reserves	Total equity attribut able to share-holders of Holcim Ltd	Non-controlling interest	Total share-holders' equity
						(Million CHF)					
Equity as at January 1, 2015................................	**654**	**7,776**	**(82)**	**18,439**	**(14)**	**(5)**	**(9,339)**	**9,082**	**17,430**	**2,682**	**20,112**
Net income......................				310				310	310	68	378
Other comprehensive earnings				(73)	0	4	(1,268)	(1,337)	(1,337)	(81)	(1,418)
Total comprehensive earnings				236	0	4	(1,268)	(1,028)	(1,028)	(12)	(1,040)
Payout										(47)	(47)
Change in treasury shares.			6	1				1	6		6
Share-based remuneration		2							2	0	2
Capital paid-in by non-controlling interest											
Change in participation in existing Group companies				(7)				(7)	(7)	33	25
Equity as at March 31, 2015 (unaudited)	**654**	**7,778**	**(76)**	**18,668**	**(14)**	**0**	**(10,607)**	**8,047**	**16,403**	**2,655**	**19,058**
Equity as at January 1, 2014................................	**654**	**8,200**	**(102)**	**17,294**	**52**	**(4)**	**(9,889)**	**7,453**	**16,205**	**2,471**	**18,677**
Net income......................				80				80	80	99	179
Other comprehensive earnings				(28)	0	1	(8)	(36)	(36)	36	1
Total comprehensive earnings				52	0	1	(8)	44	44	135	180
Payout										(23)	(23)
Change in treasury shares.			4	0			0	0	5		5
Share-based remuneration		(4)	4				0	0	0		0
Capital paid-in by non-controlling interest										0	0
Change in participation in existing Group companies								(4)	(4)	3	(1)
Equity as at March 31, 2014 (unaudited)	**654**	**8,196**	**(93)**	**17,342**	**52**	**(3)**	**(9,897)**	**7,493**	**16,250**	**2,587**	**18,837**

Consolidated statement of cash flows of Group Holcim

	Notes	2015	2014
		(Unaudited)	
		(Million CHF)	
January–March			
Net income before taxes		**555**	**240**
Other income	9	(434)	(19)
Share of profit of associates and joint ventures		(8)	(26)
Financial expenses net	10,11	149	99
Operating profit		**261**	**295**
Depreciation, amortization and impairment of operating assets		331	322
Other non-cash items		31	70
Change in net working capital		(601)	(650)
Cash generated from operations		**23**	**37**
Dividends received		9	1
Interest received		16	32
Interest paid		(92)	(151)
Income taxes paid		(156)	(155)
Other expenses		(14)	(7)
Cash flow from operating activities (A)		**(214)**	**(243)**
Purchase of property, plant and equipment		(287)	(414)
Disposal of property, plant and equipment		16	41
Acquisition of participation in Group companies	3	(187)	(1)
Disposal of participation in Group companies	3	256	0
Purchase of financial assets, intangible and other assets		(183)	(27)
Disposal of financial assets, intangible and other assets		93	27
Cash flow used in investing activities (B)		**(291)**	**(373)**
Dividends paid to non-controlling interest		(31)	(1)
Movements of treasury shares		6	5
Proceeds from current financial liabilities		1,473	1,026
Repayment of current financial liabilities		(1,413)	(669)
Proceeds from long-term financial liabilities		797	926
Repayment of long-term financial liabilities		(650)	(959)
Cash flow from financing activities (C)		**183**	**328**
Decrease in cash and cash equivalents (A + B + C)		**(322)**	**(288)**
Cash and cash equivalents as at January 1 (net)		**1,942**	**1,993**
Decrease in cash and cash equivalents		(322)	(288)
Currency translation effects		(44)	18
Cash and cash equivalents as at March 31 (net)[(1)]		**1,576**	**1,723**

Note:

(1) Cash and cash equivalents at the end of the period include bank overdrafts of CHF 155 million (2014: 291), disclosed in current financial liabilities.

1. Basis of preparation

The unaudited consolidated first quarter interim financial statements (hereafter "interim financial statements") are prepared in accordance with IAS 34 *Interim Financial Reporting*. The accounting policies used in the preparation and presentation of the interim financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2014 (hereafter "annual financial statements").

The interim financial statements should be read in conjunction with the annual financial statements as they provide an update of previously reported information.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate during the period in which the circumstances change.

2. Changes in accounting policies

During the first quarter 2015, Group Holcim decided to change its accounting policy for recognizing net interest expense relating to retirement benefit plans. More relevant information is provided if total net interest costs are presented as part of financial expenses and not in the operating profit. This presentation better reflects the nature of net interest since it corresponds to the unwinding effect of the long-term defined benefit obligation. As the comparative amount for 2014 is immaterial, it has not been restated.

On April 9, 2015, the IFRIC published an agenda decision concerning the classification of joint arrangements under IFRS 11 *Joint Arrangements*. As a result of the clarifications regarding rights to the assets of a joint arrangement through other facts and circumstances, Group Holcim will be unable to continue to account for Cement Australia as a joint operation, since Holcim does not have an obligation to acquire substantially all of the economic benefits (i.e. output) from Cement Australia. As a result, Group Holcim will change its accounting policy for Cement Australia in the second quarter 2015 and reclassify its investment in Cement Australia as a joint venture and apply equity accounting from that quarter onwards. The comparatives (including the first quarter 2015) will be restated accordingly. Had Group Holcim changed its accounting policy in 2014, the first quarter 2015 net sales would have decreased by CHF 57 million (Q1 2014: 62 million), operating profit would have decreased by CHF 15 million (Q1 2014: 10 million) and total assets and total liabilities would have decreased by CHF 167 million (Q1 2014: 209 million). Equity and net income are not impacted by this change.

3. Changes in the scope of consolidation

On January 5, 2015, Group Holcim acquired control of a group of companies from Cemex which operate in Western Germany and the Netherlands. This transaction includes one cement plant, two grinding stations, twenty-two aggregates locations and seventy-nine ready-mix plants.

The identifiable assets and liabilities arising from the acquisition are as follows:

	Fair value
	(Million CHF)
Cash and cash equivalents	23
Other current assets	46
Property, plant and equipment	264
Other long-term assets	1
Current liabilities	52
Long-term liabilities	49
Net assets	**233**
Non-controlling interest	23
Net assets acquired	**210**
Total purchase consideration (cash)	**210**
Fair value of net assets acquired	210
Goodwill	**0**

The amounts disclosed above were determined provisionally. Further adjustments may be made to the fair values assigned to the identifiable assets acquired and liabilities assumed up to twelve months from the date of acquisition.

The amount of non-controlling interest recognized amounted to CHF 23 million and was measured at the proportionate share of the acquiree's identifiable net assets at the date of acquisition. The acquired companies contributed net sales and net loss of CHF 64 million and CHF 11 million respectively to the Group for the period from January 5, 2015 to March 31, 2015. If the acquisition had occurred on January 1, 2015, Group net sales and net income to March 31 would not have been materially different. Holcim recognized acquisition-related costs of CHF 6 million which has been reflected as administration expenses in the consolidated statement of income.

On January 5, 2015, Holcim disposed of Holcim (Česko) a.s. in Czech Republic, Gador cement plant and Yeles grinding station in Spain for CHF 243 million. This resulted in a gain on disposal before taxes of CHF 61 million which is included in "Other income" (note 9).

On March 30, 2015, Holcim sold its entire remaining shareholding of 27.5 percent in Siam City Cement Public Company Limited in Thailand via a private placement in capital markets. For the sale of its entire remaining stake, Holcim recorded in the first quarter 2015 a gain before taxes of CHF 371 million, which is included in "Other income" (note 9), and a receivable of CHF 661 million, which was settled on April 2, 2015.

During the first quarter of 2014, there were no business combinations that were either individually material or that were considered material on an aggregated basis.

4. Seasonality

Demand for cement, aggregates and other construction materials and services is seasonal because climatic conditions affect the level of activity in the construction sector.

Holcim usually experiences a reduction in sales during the first and fourth quarters reflecting the effect of the winter season in its principal markets in Europe and North America and tends to see an increase in sales in the second and third quarters reflecting the effect of the summer season. This effect can be particularly pronounced in harsh winters.

5. Information by reportable segment

	Asia Pacific		Latin America		Europe		North America		Africa Middle East		Corporate/ Eliminations		Total Group	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
January–March							*(unaudited)*							
Capacity and sales														
Million t														
Annual cement production capacity[(1)] ..	97.0	96.4	35.3	35.3	46.8	46.8	21.9	21.9	11.0	11.0			212.0	211.4
Sales of cement	17.1	18.5	5.9	6.0	4.7	5.2	2.1	2.0	1.8	2.0	(0.5)	(0.7)	31.2	33.0
– of which mature markets	0.6	0.6			3.0	3.4	2.1	2.0						
– of which emerging markets	16.5	17.9	5.9	6.0	1.7	1.9			1.8	2.0				
Sales of mineral components................	0.1	0.1			0.5	0.4	0.2	0.2					0.8	0.7
Sales of aggregates......	5.3	6.0	1.2	2.1	17.4	15.7	5.4	5.0	0.3	0.4			29.5	29.2
– of which mature markets	4.7	5.4			15.9	14.3	5.4	5.0						
– of which emerging markets	0.6	0.6	1.2	2.1	1.5	1.4			0.3	0.4				
Sales of asphalt					1.4	1.3	0.2	0.1					1.6	1.4
Million m3														
Sales of ready-mix concrete	2.5	2.5	1.5	1.7	2.8	2.7	1.0	1.2	0.1	0.2			8.0	8.2
– of which mature markets	1.1	1.1			2.5	2.4	1.0	1.2						
– of which emerging markets	1.4	1.3	1.5	1.7	0.3	0.3			0.1	0.2				
Statement of income and statement of financial position														
							(Million CHF)							
Net sales to external customers...................	1,656	1,670	707	701	991	1,085	496	444	122	189			3,972	4,088
Net sales to other segments....................	0	13	0	22	106	99			46	18	(152)	(153)		
Total net sales	1,656	1,683	707	723	1,097	1,184	496	444	168	206	(152)	(153)	3,972	4,088
– of which mature markets	349	407			959	999	496	444						
– of which emerging markets	1,307	1,276	707	723	138	185			168	206				
Operating EBITDA	357	327	231	211	79	99	(4)	(10)	45	67	(116)	(77)	593	617
Operating EBITDA margin in %	21.5	19.4	32.8	29.1	7.2	8.4	(0.8)	(2.2)	26.9	32.5			14.9	15.1
Operating profit (loss) .	257	234	187	167	(27)	(9)	(71)	(71)	32	54	(118)	(80)	261	295
– of which mature markets	35	14			(19)	(6)	(71)	(71)						
– of which emerging markets	222	220	187	167	(8)	(3)			32	54				
Operating profit (loss) margin in %	15.5	13.9	26.5	23.1	(2.4)	(0.8)	(14.3)	(16.0)	19.3	26.0			6.6	7.2
EBITDA	321	300	199	179	71	77	(11)	(6)	41	62	416	62	1,037	673
Net operating assets[(1)] .	7,343	7,408	3,440	3,456	7,279	7,964	6,101	6,282	765	852	(113)	(16)	24,816	25,946
Total assets[(1)]	11,480	11,889	5,030	5,436	11,775	12,713	7,183	7,568	1,129	1,240	1,188	838	37,785	39,684
Total liabilities[(1)]	4,747	4,994	3,413	3,597	6,124	6,283	3,953	4,109	554	634	(65)[(2)]	(45)[(2)]	18,727	19,572

Notes:

(1) Prior-year figures as of December 31, 2014.

(2) The amount of CHF -65 million (2014: -45) consists of borrowings by Corporate from third parties amounting to CHF 9,715 million (2014: 9,997) and eliminations for cash transferred to regions of CHF 9,780 million (2014: 10,042).

Reconciling measures of profit and loss to the consolidated statement of income of Group Holcim

	January–March (unaudited)		
	Notes	2015	2014
		(Million CHF)	
Operating profit		**261**	**295**
Depreciation, amortization and impairment of operating assets		331	322
Operating EBITDA		**593**	**617**
Other ordinary income	9	435	19
Share of profit of associates and joint ventures		8	26
Other financial income	10	2	11
EBITDA		**1,037**	**673**
Depreciation, amortization and impairment of operating assets		(331)	(322)
Depreciation, amortization and impairment of non-operating assets	9	(1)	(1)
Interest earned on cash and marketable securities	10	22	27
Financial expenses	11	(172)	(137)
Net income before taxes		**555**	**240**

6. Information by product line

January–March (unaudited)

(Million CHF)

	Cement[1]		Aggregates		Other construction materials and services		Corporate/Eliminations		Total Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Statement of income and statement of financial position										
Net sales to external customers	2,527	2,590	296	302	1,149	1,197			3,972	4,088
Net sales to other segments	188	198	181	181	148	137	(517)	(517)		
Total net sales	2,715	2,788	477	483	1,298	1,334	(517)	(517)	3,972	4,088
– of which Asia Pacific	1,326	1,308	105	136	317	340	(93)	(101)	1,656	1,683
– of which Latin America	611	609	10	16	139	161	(53)	(62)	707	723
– of which Europe	388	497	288	269	592	588	(171)	(170)	1,097	1,184
– of which North America	253	219	70	56	225	220	(52)	(51)	496	444
– of which Africa Middle East	159	191	4	6	12	17	(6)	(8)	168	206
– of which Corporate/Eliminations	(23)	(36)			13	9	(142)	(125)	(152)	(153)
Operating profit (loss)	331	383	(28)	(15)	(42)	(72)			261	295
– of which Asia Pacific	236	228	15	13	7	(7)			257	234
– of which Latin America	183	159	0	2	4	6			187	167
– of which Europe	(23)	9	1	4	(5)	(22)			(27)	(9)
– of which North America	(13)	(4)	(27)	(27)	(31)	(40)			(71)	(71)
– of which Africa Middle East	36	55	(1)	0	(3)	(1)			32	54
– of which Corporate/Eliminations	(88)	(65)	(16)	(7)	(14)	(8)			(118)	(80)
Operating profit (loss) margin in %	12.2	13.7	(5.8)	(3.1)	(3.2)	(5.4)			6.6	7.2
Net operating assets[2]	16,993	17,585	4,681	4,997	3,143	3,364			24,816	25,946

Notes:

(1) Cement, clinker and other cementitious materials.

(2) Prior-year figures as of December 31, 2014.

7. Change in net sales

	January–March	
	2015	2014
	(Million CHF)	
Volume and price	(67)	338
Change in structure	40	(108)
Currency translation effects	(90)	(465)
Total	**(116)**	**(234)**

8. Change in operating profit

	January–March	
	2015	2014
	(Million CHF)	
Volume, price and cost	(38)	77
Change in structure	(14)	5
Currency translation effects	18	(57)
Total	**(34)**	**25**

9. Other income

	January–March	
	2015	2014
	(Million CHF)	
Other ordinary income	435	19
Depreciation, amortization and impairment of non-operating assets	(1)	(1)
Total	**434**	**19**

The position "Other ordinary income" includes a gain before taxes on the disposal of Holcim's entire remaining stake in Siam City Cement Public Company Limited of CHF 371 million. Additional information is disclosed in note 3.

The position "Other ordinary income" also includes a gain before taxes on the disposal of Holcim (Česko) a.s. and Holcim's Gador cement plant and Yeles grinding station in Spain to Cemex of CHF 61 million.

In 2014, the position "Other ordinary income" related primarily to gains on disposal of property, plant and equipment.

10. Financial income

	January–March	
	2015	2014
	(Million CHF)	
Interest earned on cash and marketable securities	22	27
Other financial income	2	11
Total	**24**	**37**

The position "Other financial income" relates primarily to interest income from loans and receivables.

11. Financial expenses

	January–March	
	2015	2014
	(Million CHF)	
Interest expenses	(126)	(143)
Amortization on bonds and private placements	(1)	(2)
Unwinding of discount on provisions	(4)	(6)
Other financial expenses	(17)	(6)
Foreign exchange (loss) gain net	(42)	6
Financial expenses capitalized	19	14
Total	**(172)**	**(137)**

The positions "Interest expenses" and "Other financial expenses" relate primarily to financial liabilities measured at amortized cost.

The position "Other financial expenses" includes net interest costs relating to retirement benefit plans (note 2).

The position "Financial expenses capitalized" comprises interest expenditures on large-scale projects during the reporting period.

12. Assets and related liabilities classified as held for sale

On January 5, 2015, Holcim and Cemex announced the successful closure of their series of transactions in Europe. Additional information is disclosed in note 3.

13. Financial assets and liabilities recognized and measured at fair value

The following table presents the Group's financial instruments that are recognized and measured at fair value.

No changes in the valuation techniques of the below items have occurred since the last annual financial statements.

	Fair value level 1	**Fair value level 2**	**Total**
		(Million CHF)	
31.3.2015			
Financial assets			
Available-for-sale financial assets			
Marketable securities	1		1
Financial investments third parties	1	74	75
Derivatives held for hedging		44	44
Financial liabilities			
Derivatives held for hedging		68	68

	Fair value level 1	**Fair value level 2**	**Total**
		(Million CHF)	
31.12.2014			
Financial assets			
Available-for-sale financial assets			
Marketable securities	1		1
Financial investments third parties	2	85	87
Derivatives held for hedging		50	50
Financial liabilities			
Derivatives held for hedging		3	3

14. Bonds

On March 19, 2015, Holcim Finance (Australia) Pty Ltd issued an AUD 250 million (CHF 187 million) bond with a coupon of 3.75 percent and a tenor of 5 years, guaranteed by Holcim Ltd. The proceeds were used to refinance existing debt and for general corporate purposes.

On March 20, 2015, Holcim Capital México, S.A. de C.V. issued a MXN 1.7 billion (CHF 108 million) bond with a floating interest rate and a tenor of 5 years, guaranteed by Holcim Ltd. The proceeds were used to refinance existing debt and for general corporate purposes.

15. Commitments and contingencies

The Group's commitments amounted to CHF 1,162 million (December 31, 2014: 1,351). The decrease is mainly related to currency translation effects and to the reduction of the financial commitment relating to United Cement Company of Nigeria Ltd ("Unicem"). There have been no significant changes for contingencies.

The Competition Commission of India issued an order dated June 20, 2012, imposing a penalty of CHF 359 million (INR 23,119 million) on ACC Limited and Ambuja Cements Ltd. concerning an alleged breach of competition law by certain cement manufacturers in India. The two Indian Holcim Group companies contest the allegation and have filed an appeal against the order before the appropriate authority, which is pending a decision. As per the order, a total deposit of 10 percent of the penalty amount has been placed with a financial institution by both Holcim Group companies with a lien in favor of the Competition Appellate Tribunal. Based on the advice of external legal counsel, Holcim believes that it has good grounds for appeal. Accordingly no provision has been recognized in the statement of financial position.

On May 28, 2014, the Administrative Council for Economic Defense (CADE) has ruled an order including fines against several Brazilian cement companies. This also applies to Holcim Brazil, which has been fined CHF 153 million (BRL 508 million). The order relates to the competition law proceedings started in 2006 which aimed at investigating the conduct of several of the leading cement producers in Brazil. In the context of the proceeding, Holcim Brazil has always supplied all information requested. The company reinforces that it acts lawfully and in accordance with fair competition rules and practices. Holcim Brazil will pursue all available legal steps to defend its position. Accordingly, no provision has been recognized in the statement of financial position.

There are no further single matters pending that the Group expects to be material in relation to the Group's business, financial position or results of operations.

16. Other information

On April 7, 2014, Holcim Ltd and Lafarge S.A. announced their intention to combine the two companies through a merger. The proposed combination would be structured as a public exchange offer filed by Holcim for all outstanding shares of Lafarge on the basis of a 1 for 1 exchange ratio. On March 20, 2015, Holcim Ltd and Lafarge S.A. reached an agreement to amend the terms of the merger and announced a new exchange ratio of nine Holcim shares for every ten Lafarge shares. The completion of the combination is subject to the fulfillment of certain conditions, including the election of new members to the board of directors, the approval of the capital increases by the extraordinary general meeting of Holcim, the approval of the combination by the relevant regulatory authorities and the tender of the Lafarge shares to the exchange offer of at least two-thirds (2/3) of the share capital or voting rights of Lafarge. The combination is expected to be completed in July 2015. In 2014, Holcim incurred merger costs of CHF 77 million. In the first quarter 2015 merger costs amounted to CHF 44 million.

As part of the proposed combination, Holcim and Lafarge announced on February 2, 2015, that they have entered into exclusive negotiations, further to a binding commitment made by CRH, regarding the sale of several assets.

17. Events after the reporting period

There were no significant events after the reporting period.

18. Authorization of the interim financial statements for issue

The interim financial statements were authorized for issuance by the Audit Committee of Holcim Ltd on April 29, 2015.

19. Principal exchange rates

		Statement of income Average exchange rates in CHF January–March		Statement of financial position Closing exchange rates in CHF		
		2015	2014	31.3.2015	31.12.2014	31.3.2014
1 Euro	EUR	1.07	1.22	1.05	1.20	1.22
1 US Dollar	USD	0.95	0.89	0.97	0.99	0.89
1 British Pound	GBP	1.44	1.48	1.44	1.54	1.48
1 Australian Dollar	AUD	0.75	0.80	0.74	0.81	0.82
1 Canadian Dollar	CAD	0.77	0.81	0.76	0.85	0.80
1,000 Indonesian Rupiah	IDR	0.07	0.08	0.07	0.08	0.08
100 Indian Rupee	INR	1.53	1.45	1.55	1.56	1.48
100 Moroccan Dirham	MAD	9.93	10.90	9.78	10.95	10.86
100 Mexican Peso	MXN	6.37	6.75	6.36	6.72	6.78
100 Philippine Peso	PHP	2.15	1.99	2.17	2.21	1.98

On January 15, 2015, the Swiss National Bank announced to abandon its cap on the Swiss franc against the Euro. As of this date, the Euro devalued considerably against the Swiss franc. This led to significant changes in currency translation adjustments which are reflected in the consolidated statement of other comprehensive earnings.

Holcim securities

The Holcim shares (security code number 1221405) are listed on the SIX Swiss Exchange and traded on the Main Standard of SIX Swiss Exchange. Telekurs lists the registered share under HOLN. The corresponding code under Bloomberg is HOLN VX, while Thomson Reuters uses the abbreviation HOLN.VX. Every share carries one vote. The market capitalization of Holcim Ltd amounted to CHF 23.8 billion at March 31, 2015.

Cautionary statement regarding forward-looking statements

This document may contain certain forward-looking statements relating to the Group's future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to: (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macro-economic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this document.

Holcim assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

Disclaimer

Holcim Ltd publishes interim reports in English and German. The English version is legally binding.

Financial reporting calendar

Half-year results 2015	July 29, 2015

4 Lafarge First Quarter 2015 Financial Report

This Registration Document incorporates by reference the Lafarge First Quarter 2015 Financial Report, available at http://www.lafarge.com/sites/default/files/atoms/files/04302015-press_finance-lafarge_financial_report_march_2015-uk.pdf and which includes the Lafarge unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2015 and the limited review report of the statutory auditors relating thereto.

CROSS-REFERENCE TABLE

Annex I to EC Regulation 809/2004

	Item	Chapter/Document incorporated by reference	Section	Name of the Section
1	**PERSONS RESPONSIBLE**			
1.1	Identity	Persons responsible for this Registration Document	1	Persons Responsible
1.2	Declaration	Persons responsible for this Registration Document	2	Attestation by the Persons Responsible
2	**STATUTORY AUDITORS**			
2.1	Identity	Part I – LafargeHolcim	1	Information about LafargeHolcim
2.2	Resignation, removal and (re) appointment.................................	Part I – LafargeHolcim	1	Information about LafargeHolcim
3	**SELECTED FINANCIAL INFORMATION**			
3.1	Selected historical financial information..................................	Part II – Holcim	3	Selected Financial Information
		Lafarge 2014 Document de Référence	Profile	Selected Financial Date
3.2	Selected financial information for interim periods............................	Not Applicable		
4	**RISK FACTORS**			
		Part I – LafargeHolcim	3	Risk Factors
		Part II – Holcim	2	Risk Factors
		Lafarge 2014 Document de Référence	5.1	Risk Factors
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5.1.1	Legal and commercial name.........	Part I – LafargeHolcim	1	Information about LafargeHolcim
5.1.2	Place of registration and number ..	Part I – LafargeHolcim	1	Information about LafargeHolcim
5.1.3	Date of incorporation & length of life if appropriate	Part I – LafargeHolcim	1	Information about LafargeHolcim
5.1.4	Domicile...................................... Legal form .... Legislation................................... Country of incorporation .... Address.. Telephone number	Part I – LafargeHolcim	1	Information about LafargeHolcim
5.1.5.	Important events	Part I – LafargeHolcim	2	The Merger

5.2	*Investments*			
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			9.1.2	Investment Activities
		Lafarge 2014 Document de Référence	1.2.6	Recent Acquisitions, Partnerships and Divestitures
5.2.2	Principal investments in progress	Part II – Holcim	4.2	Investments
	Method of financing			
			9.1.2	Investment Activities
		Lafarge 2014 Document de Référence	1.3.5	Expenditures in 2014 and 2013
			1.3.6	Capital expenditures planned for 2015
5.2.3	Future investments	Part II – Holcim	4.2	Investments
			9.1.2	Investment Activities
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6.1.2	New products................................	Part I – LafargeHolcim	2	The Merger
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		Lafarge 2014 Document de Référence	1.3	Overview of Operations
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		Part II – Holcim	5	Business
		Lafarge 2014 Document de Référence	1.3	Overview of Operations

6.3	Exception factors for 6.1 and 6.2	Part I – LafargeHolcim	2	The Merger
6.4	Patents Licences Industrial, commercial or financial contracts	Not Applicable		
6.5	Basis of statements re competitive position	Part I – LafargeHolcim	2	The Merger
		Part II – Holcim	5	Business
		Lafarge 2014 Document de Référence	1.3	Overview of Operations
7	**ORGANISATIONAL STRUCTURE**			
7.1	Group description	Part I – LafargeHolcim	3.5.1	Holding Company Structure
		Part II – Holcim	6	Organisational Structure
		Lafarge 2014 Document de Référence	6.2.8	Intra-group Relations
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		Lafarge 2014 Document de Référence	Note 35	List of Significant Subsidiaries, Joint Ventures and Investments in Associates as at December, 31 2014
8	**PROPERTY, PLANTS AND EQUIPMENT**			
8.1	Material tangible fixed assets (existing or planned) Leased properties and encumbrances	Part II – Holcim	4.2 8.4.13 9.1.2	Investments Property, Plant and Equipment Investment Activities
		Lafarge 2014 Document de Référence	1.3.4 1.3.5 1.3.6	Mineral Reserves and Quarries Expenditures in 2014 and 2013 Capital Expenditures Planned for 2015
8.2	Environmental issues	Part I - LafargeHolcim	3.4	Environmental, Health and Safety Matters
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		Lafarge 2014 Document de Référence	2.1	Overview
9.2	*Operating Results*			
9.2.1	Significant factors affecting income from operations................ Unusual or infrequent events........ Extent income affected..................	Part II – Holcim	8.5	Results of Operations of the Holcim Group for the Years Ended December 31, 2014, 2013 And 2012
		Lafarge 2014 Document de Référence	2.3	Results of Operations for the Years Ended December 31, 2014 and 2013
9.2.2	Discussion or reasons for material change in sales or revenues.......................................	Part II – Holcim	8.5	Results of Operations of the Holcim Group for the Years Ended December 31, 2014, 2013 And 2012
		Lafarge 2014 Document de Référence	2.3	Results of Operations for the Years Ended December 31, 2014 and 2013
9.2.3	Policies and factors re Governmental, Economic, Monetary, Political, Fiscal which have or could affect issuers operations....................................	Part II – Holcim	8.5	Results of Operations of the Holcim Group for the Years Ended December 31, 2014, 2013 and 2012
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		Lafarge 2014 Document de Référence	2.4	Liquidity and Capital Resources
10.5	Anticipated sources of funds for 5.2.3 and 8.1	Part II – Holcim	9	Capital Resources
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			1.2.7	Intellectual Property
12	**TREND INFORMATION**			
12.1	Trends in: Production, Sales and inventory, Costs and selling prices since year end to date of document	Part I – LafargeHolcim	2.1	Building the Most Advanced Group in the Building Materials Industry
		Part II – Holcim	5.3	Business Review by Region
		Lafarge 2014 Document de Référence	2.1.2	Outlook and Ebitda Forecast for 2015
12.2	Trends, uncertainties, demands, commitments or events likely to affect prospects for at least current year..................................	Part I – LafargeHolcim	2.1	Building the Most Advanced Group in the Building Materials Industry
		Part II – Holcim	5.3	Business Review by Region
		Lafarge 2014 Document de Référence	2.1.2	Outlook and Ebitda Forecast for 2015
13	**PROFITS FORECASTS OR ESTIMATES**			
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			2.5.3	Executive Committee
			2.5.4	Statements of the Board of Directors
			2.5.7	Positions Held by Members of the Board of Directors and the Chief Executive Officer Over the Last Five Years
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		2012 Lafarge Document de Référence		Consolidated Financial Statements
20.2	*Pro forma financial information*			
		Part I – LafargeHolcim	4	Unaudited Pro Forma Financial Information
20.3	*Financial statements*			
		Part IV – Financial Information	1	Holcim Consolidated Financial Statements as of and for the Years Ended December 31, 2014, 2013 and 2012
		Lafarge 2014 Document de Référence		Consolidated Financial Statements
		2013 Lafarge Document de Référence		Consolidated Financial Statements
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		Part IV – Financial Information	1	Holcim Consolidated Financial Statements as of and for the Years Ended December 31, 2014, 2013 and 2012
		Lafarge 2014 Document de Référence		Consolidated Financial Statements
		2013 Lafarge Document de Référence		Consolidated Financial Statements

		2012 Lafarge Document de Référence		Consolidated Financial Statements
20.5	*Age of latest financial information*			
		Part IV – Financial Information	1	Holcim Consolidated Financial Statements as of and for the Years Ended December 31, 2014, 2013 and 2012
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20.6	*Interim and other financial information*			
		Part IV – Financial Information	3	Holcim First Quarter 2015 Unaudited Interim Results Report
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20.7	*Dividend policy*			
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20.7.1	Comparable dividend per share	Part II – Holcim	17.2.1	Dividend Policy
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21.1.2	Shares not representing capital	Part II – Holcim	21.1.4	Securities not Representing Share Capital
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21.1.4	Convertible and exchangeable securities and warrants	Part II – Holcim	21.1.5	Terms Governing Any Right of Acquisition and/or Any Obligation Attached to the Authorized but Unissued Capital and Undertaking to Increase the Capital
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21.1.5	Acquisition rights or obligations ..	Part II – Holcim	21.1.5	Terms Governing Any Right of Acquisition and/or Any Obligation Attached to the Authorized but Unissued Capital and Undertaking to Increase the Capital
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21.1.6	Capital under option	Part II – Holcim	21.1.6	Share Capital of Any Company of the Holcim Group Subject of an Option or of an Agreement to Put it Under Option
		Lafarge 2014 Document de Référence	6.2.1	Share Capital
21.1.7	Changes in share capital	Part II – Holcim	21.1.7	History of the Share Capital Over the Past Two Fiscal Years
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ANNEX C

FREE ENGLISH TRANSLATION OF THE LAFARGE RESPONSE NOTE
(NOTE D'INFORMATION EN REPONSE)

OFFER DOCUMENT PREPARED BY

IN RESPONSE TO

THE PUBLIC EXCHANGE OFFER

FOR THE SHARES OF LAFARGE

INITIATED BY

Pursuant to article L.621-8 of the French Monetary and Financial Code and article 231-26 of its general regulations, the *Autorité des marchés financiers* (the « **AMF** ») affixed visa no. 15-227 dated 28 May 2015 on this response offer document. This response offer document was prepared by Lafarge whose signatories are taking responsibility for it.

The visa, as per the provisions of article L.621-8-1 I of the French Monetary and Financial Code, was received after the AMF has verified that the document is complete and comprehensible and that the information it contains are coherent. This does not entail the advisability of the transaction, nor the certification of the accounting and financial data presented.

IMPORTANT NOTICE

Pursuant to the provisions of articles 231-19 and 261-1 *et seq.* of the AMF general regulations, the report of Accuracy, acting as independent expert, is included in this response offer document.

This document is an unofficial English-language translation of the response offer document (note en réponse) which received from the AMF visa no. 15-227 dated 28 May 2015, pursuant to article L.621-8 of the French Monetary and Financial Code and article 231-26 of its general regulations. In the event of any differences between this unofficial English-language translation and the official French document, the official French document shall prevail.

Lafarge is advised by Rothschild & Cie and Zaoui & Co. This response offer document is available on the Internet websites of Lafarge (www.lafarge.com) and the AMF (www.amf-france.org), and may be obtained free of charge from:

Lafarge	Rothschild & Cie
61, rue des Belles Feuilles	23 bis, avenue de Messine
75116 Paris	75008 Paris

In accordance with the provisions of article 231-28 of the AMF general regulations, information relating in particular to the legal, financial and accounting aspects of Lafarge, will be made available to the public in the same manner as mentioned above, no later than the day preceding the opening of the Offer.

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1 PRESENTATION OF THE OFFER

1.1 Description of the Offer

Pursuant to Section III of Book II and more specifically articles 232-1 *et seq.* of the AMF general regulations, Holcim Ltd, a company organised under the laws of Switzerland, having its registered office at Zürcherstrasse 156, 8645 Jona, Switzerland (hereafter referred to as "**Holcim**" or the "**Offeror**" and, after the successful closing of the Offer, "**LafargeHolcim**"), whose shares are traded on the SIX Swiss Exchange in Zurich ("**SIX**"), irrevocably offers to the shareholders of Lafarge S.A., a *société anonyme* with a share capital of EUR1,151,729,248[1], having its registered office at 61 rue des Belles Feuilles, 75116 Paris, registered with the Company Registry of Paris under the identification number 542 105 572 ("**Lafarge**" or the "**Company**"), whose shares are traded on the Euronext Paris market (*Compartiment A*) (hereafter, "**Euronext Paris**") under ISIN Code FR0000120537, to exchange, pursuant to the terms and conditions set forth in the offer document prepared by Holcim which received from the AMF visa no. 15-226 dated 28 May 2015 (hereafter, the "**Offer Document**"), all shares of Lafarge they hold for newly issued shares of Holcim (hereafter "**Holcim Shares**") according to an exchange ratio of nine newly issued share of Holcim for ten shares of Lafarge (the "**Offer**").

The Offer is made for:

- all existing and outstanding shares of Lafarge, i.e., to Holcim's knowledge, 287,932,312 shares as of the date of the Offer Document, including all outstanding shares of Lafarge issued pursuant to performance share plans and still in the holding period, i.e. 277,902 shares as of the date of the Offer Document, being specified that any outstanding holding period at the date of the exchange would apply to the Holcim Shares received in exchange;
- all shares of Lafarge, that may be issued prior to the end of the Offer acceptance period (or, as applicable, until the end of the re-opening of the Offer acceptance period) as a result of the exercise of outstanding stock options, i.e. 5,407,702 shares as of the date of the Offer Document;

altogether representing to the knowledge of Holcim a maximum number of 293,340,014 shares of Lafarge (the "**Lafarge Shares**").

Except for cases where there is an applicable exception to the vesting period established under legal or regulatory provisions (such as the death or disability of the beneficiary), certain Lafarge Shares which may be issued upon the exercise of Lafarge stock options prior to the end of the Offer acceptance period (or, as applicable, prior to the end of the re-opening of the Offer acceptance period) may not be tendered to the Offer because of legal, regulatory or governance constraints. In addition, certain Lafarge Shares issued pursuant to performance share plans may not be tendered to the Offer for the same reasons. To the extent permitted under applicable regulations, such Lafarge Shares will be the subject of liquidity mechanisms as described in article 1.3.4 of this response offer document.

The shares of Lafarge issued pursuant to performance share plans still in the vesting period at the end of the Offer acceptance period (or, as the case may be, at the end of the re-opened Offer acceptance period) are not targeted by the Offer, except when non-transferability is waived as provided by legal or regulatory provisions (such as the death or disability of the beneficiary).

[1] As of 30 April 2015.

The Offer will be carried out according to the normal procedure in accordance with the provisions of articles 232-1 *et seq.* of the AMF general regulations. Société Générale and UBS Securities France S.A., as presenting banks of the Offer, warrant, in accordance with the provisions of article 231-13 of the AMF general regulations, the content and irrevocable nature of the undertakings made by the Offeror in connection with the Offer.

1.2 Context and reasons for the Offer

1.2.1 Context of the Offer

Following various exchanges during which representatives of Holcim and Lafarge discussed key aspects of a strategic combination of their business through a merger of equals, with a view to creating the most advanced group in the building materials industry, the respective boards of directors of Holcim and Lafarge (the "**Holcim Board of Directors**" and the "**Board of Directors**" respectively) agreed on the industrial and strategic potential of the combination and to enter into an agreement pursuant to which they granted an exclusivity to each other to discuss the possible terms of the transaction to be structured as an exchange offer under which Holcim would offer to acquire Lafarge Shares according to an exchange ratio of one Lafarge Share for one newly issued Holcim share. Such agreement was executed on 6 April 2014.

Following the execution of the negotiation and exclusivity agreement, Holcim and Lafarge published on 7 April 2014, a joint press release which is available on the respective websites of Holcim (www.holcim.com) and Lafarge (www.lafarge.com), in which Holcim and Lafarge described the key highlights of the Offer.

1.2.1.1 Combination Agreement

On 7 July 2014, following completion of the consultation process of relevant employee representative bodies, Holcim and Lafarge entered into an agreement (the "**Combination Agreement**") whereby Holcim and Lafarge agreed to jointly prepare the launching by Holcim of a public tender offer in France pursuant to which Holcim undertakes to acquire all Lafarge Shares according to an exchange ratio of one Lafarge Share for one newly issued Holcim Share. In the context of this Combination Agreement, Holcim and Lafarge respective boards of directors unanimously determined that the proposed Offer was in the best interests of respectively Holcim and Lafarge, their respective shareholders, employees and other stakeholders.

On 20 March 2015, Holcim and Lafarge published a joint press release, which is available on the respective websites of Holcim (www.holcim.com) and Lafarge (www.lafarge.com), pursuant to which they announced that they have reached an agreement to amend certain terms of the proposed merger of equals (and the Combination Agreement), and more specifically that they agreed, among other things, on a new exchange ratio under the exchange offer of nine newly issued Holcim Shares for ten Lafarge Shares.

Holcim and Lafarge agreed to take all actions reasonably necessary or desirable to implement the divestment process (as described in article 1.2.1.2 of this response offer document), the Euronext Paris listing of the newly issued Holcim Shares to be remitted in exchange for the Lafarge Shares tendered to the Offer and the Offer itself, as well as to use their respective reasonable best efforts to make any required offers under applicable law for shares of the relevant listed subsidiaries, with respect to which no waiver could be obtained.

Holcim and Lafarge also agreed that a post-closing exceptional scrip dividend shall be paid after the closing of the re-opened Offer in respect of all LafargeHolcim shares, including newly issued Holcim Shares exchanged for Lafarge Shares in the context of the Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim share for twenty existing LafargeHolcim shares, subject to the successful closing of the Offer. The authorized share capital based on which the board of directors of LafargeHolcim is authorized to distribute the scrip dividend was approved at the Holcim shareholders' meeting of 8 May 2015.

The Combination Agreement, as amended, also contains a number of provisions which are further described in other parts of this response offer document and/or in the Offer Document, such as:

- the conditions to the Offer, as further described in article 1.3.5 below and in article 2.9 of the Offer Document;
- the parity between the annual dividends paid in 2015 for the financial year 2014 by Lafarge and Holcim as further described in article 1.3.2 below and in article 2.3 of the Offer Document;
- the possibility for Holcim to proceed with certain transactions after the closing of the Offer, as further described in article 1.3.6 and 1.3.7 of the Offer Document; and
- the management and the governance of LafargeHolcim, the main terms of which are further described in article 1.3.3. of the Offer Document.

Pursuant to the Combination Agreement, Holcim and Lafarge shall pay a break-up fee of EUR350,000,000 to each other according to the following conditions:

- a break-up fee shall be payable by Lafarge to Holcim in case of (i) a third party announces an offer to Lafarge relating to an alternative transaction (a) resulting in a change of the Board of Directors' recommendation or support in respect of the Offer or (b) followed by a failure of the Offer (whether or not filed) and the execution of an alternative transaction agreement, or the approval or recommendation by Lafarge of an alternative transaction to the Lafarge shareholders, within nine (9) months after termination of the Combination Agreement, (ii) a failure to provide a required recommendation of the Board of Directors or a change in the Board of Directors' recommendation or support, (iii) a recommendation of an alternative transaction by the Board of Directors, or (iv) any action taken by Lafarge to frustrate the Offer.
- a break-up fee shall be payable by Holcim to Lafarge in case of (i) (a) a third party offer to Holcim relating to an alternative transaction resulting in a support to such alternative transaction or change of the Holcim Board of Directors' recommendation and (b) a termination of the Combination Agreement by Lafarge pursuant to condition (a) above or a termination either by Holcim or Lafarge if the shareholders' resolutions at the relevant Holcim general meetings required to complete the Offer are not approved, (ii) a third party offer to Holcim relating to an alternative transaction resulting in the Holcim general meeting failing to take a required shareholders' resolution, and the execution of an alternative transaction agreement, or the approval or recommendation by Holcim of an alternative transaction to the Holcim shareholders, within nine (9) months after termination of the Combination Agreement, (iii) a failure to provide a required recommendation of the Holcim

Board of Directors or a change in the Holcim Board of Directors' recommendation or support, (iv) a recommendation of an alternative transaction by the Holcim Board of Directors, or (v) any action taken by Holcim to frustrate the transaction or the votes of shareholders at the relevant Holcim general meetings required to complete the Offer.

Independently of the circumstances described above, no break-up fee shall be payable by Holcim or Lafarge to each other if the Combination Agreement is terminated as a result of a material adverse effect event occurring prior to any of the events listed in (i) and (ii) above or if a condition to the Offer (as provided in article 2.9 of the Offer Document) is not satisfied.

The Holcim Board of Directors approved the filing of the Offer on 7 May 2015.

1.2.1.2 Antitrust and Divestment Process

Holcim and Lafarge have agreed, subject to certain conditions, to divest certain entities and assets as part of a rebalancing of the global portfolio of the combined group resulting from the merger and to address potential regulatory concerns.

Shareholders of Lafarge should refer to article 2.6 of Part I (*Activities to Be Divested by Holcim and Lafarge*) of the Registration Document prepared by Holcim, registered with the AMF on 11 May 2015 under no. I.15-034 (the "**Registration Document**") and to article B.4a of the securites note included in the prospectus prepared by Holcim which has been approved by the AMF on 28 May 2015 under number 15-233 for any details on this divestment process.

The Offer itself is not subject to any approval from any competition authority. However, the proposed transaction requires obtaining approvals from several competition authorities.

In this respect, Holcim and Lafarge have obtained clearance of the combination by the competition authorities in the following jurisdictions: Brazil, Canada, China, Common Market for Eastern and Southern Africa (COMESA), European Union, India, Kenya, Mexico, Morocco, Russia, Serbia, Singapore, South Africa, Tanzania, Turkey, Ukraine and the United-States.

Clearances by the competition authority of Mauritius is expected by end of May 2015. The review of the Indonesian competition authority, which is based on a voluntary filing, is also ongoing. The review of the Indonesian competition authority and of the competition authority of Mauritius has no suspensive effect on the Offer or the transaction.

All competition approvals required prior to the closing of the transaction have now been obtained.

1.2.2 <u>Reasons for the Offer</u>

Holcim and Lafarge are both worldwide leading producers of cement, aggregates (crushed stone, sand and gravel), ready-mix concrete and asphalt, and provide related services. Their building products and solutions are used to construct and renovate homes, buildings and infrastructure.

The vision of LafargeHolcim is to create the most advanced group in the building materials industry. The combination will create the best growth platform in the industry and enable LafargeHolcim to drive growth across its global, well-balanced footprint; deliver best-in-class operating performance and returns enhanced by synergies; and fundamentally transform the business. Furthermore, the combination will position LafargeHolcim to meet the changing market needs by enhancing the value proposition to meet customer demands, addressing challenges of urbanization, and setting the benchmark on corporate social responsibility, including sustainability and climate change mitigation.

The compelling strategic rationale has been reinforced by the preparatory integration work undertaken since the announcement of the combination.

In 2014, on a combined basis, LafargeHolcim sold 263.0 million tons ("**mt**") of cement, 288.3 mt of aggregates and 56.7 million m3 of ready-mix concrete through its geographic presence in around 90 countries. As of 31 December 2014, on a combined basis, LafargeHolcim had an installed production capacity of 386.5 million tons per annum ("**mtpa**") of cement. As of 31 December 2014, on a combined basis, it operated 251 cement, clinker and grinding plants, 621 aggregate plants and 1,640 ready-mix concrete plants worldwide and it had 115,000 full-time equivalent employees. In fiscal year 2014, on a pro forma basis, the combined group recorded net sales of CHF32.6 billion and an EBITDA of CHF6.7 billion. Its pro forma net financial debt and shareholders' equity as at 31 December 2014 were CHF17.9 billion and CHF43.4 billion, respectively.

1. Creating the Most Advanced Group in the Building Materials Industry

   - Market trends that represent opportunities

     The combination of Holcim and Lafarge brings together two leading building materials companies with the objective of creating the most advanced company in the building materials industry.

     LafargeHolcim believes that it will create value for all stakeholders – customers, employees, communities and shareholders – by seizing the opportunities presented by the major trends of its market environment:

     1. **Population growth and rapid urbanization are driving demand for more housing and infrastructure.** By 2020, the world population is expected to reach approximately 7.7 billion, from 7.0 billion today, and approximately 1.0 billion more people compared to today are expected to live in or around urbanized areas in 2020. This trend affects emerging markets and mature economies differently. In emerging markets, this drives a demand for affordable multiple-dwelling housing, with a view to limiting urban sprawl and rehabilitating spontaneous, uncontrolled, constructed areas, while complying with building standards that tend to get closer to those of developed countries. It also drives the need for affordable infrastructure, including transport infrastructure, so that living and working across those cities remains possible. In developed countries, the focus will be more on renovation and building solutions capable of contributing to the development of attractive and sustainable cities in a context of increasing environmental constraints.

     2. **Increasing demand for value-added products and services from building materials companies.** Competition between building materials companies is no longer only based on prices and the ability to deliver cement close to where it is needed. To differentiate themselves from their competitors, market actors need to offer innovative, user-tailored products and solutions, that improve the quality of buildings (e.g., environmental properties, aesthetics and durability), reduce the cost of either construction or the total cost of ownership lifecycle. They also increasingly offer global services and solutions to building companies.

     3. **Resource scarcity and climate change require environmentally friendly, energy-efficient building materials and processes.** The need to reduce CO_2 emissions

through, among others, more energy-efficient buildings is also a key driver for innovative, environmentally-friendly building materials. At the same time, building materials companies need to constantly adapt their processes to reduce their environmental footprint.

- LafargeHolcim Is Best Positioned to Seize These Opportunities

  To seize these opportunities, LafargeHolcim will leverage the competitive advantages of Holcim and of Lafarge and the benefits of the combination of the two groups. Its new, well balanced, global footprint will allow it to respond to the demand for additional housing, commercial building and infrastructure in both emerging markets (Central and Eastern Europe, Asia, Middle East & Africa, Latin America) and mature economies on a large scale. The two companies' well established expertise, know-how and capacity to innovate, will allow the combined group to scale up its development of value-added solutions and services that respond to increasing environmental constraints. Its new organization will be focused on the provision of differentiating products and solutions to customers, architects, designers and end-users along the construction cycle.

  Specifically, LafargeHolcim will rely on the following strengths:

  1. **A global, well-balanced footprint.** LafargeHolcim sells its products through its geographic presence in around 90 countries, with a strong presence and leadership positions in each of the world's major regions. It realized 2014 pro forma net sales of CHF10.1 billion in Asia Pacific, CHF8.1 billion in Europe, CHF5.8 billion in the Middle East and Africa, CHF5.6 billion in North America and CHF3.9 billion in Latin America (Lafarge historical information has been translated into Swiss Francs using an average exchange rate for the year ended December 31, 2014 of EUR1 = CHF1.2146). This footprint is also well-balanced, with 58 per cent. of the pro forma 2014 net sales realized in emerging markets and no country served by the combined group representing more than 10 per cent of 2014 pro forma net sales (except India and the United States representing both approximately 11 per cent.). At the same time, due to its broad scale, the combined group can focus on optimizing this network with selective investments. It gives the combined group a bigger platform to deploy trading activities, to take advantage of unused production capacity in certain areas to serve, and sometimes to enter, other markets.

  2. **Innovative and customer focused approach.** Both Holcim and Lafarge have long focused on bringing to their customers a range of innovative products and solutions that address a wide spectrum for needs of individual, professional and industrial end-users. LafargeHolcim will have the world's largest research & development center in the building materials industry, as well as a network of development laboratories in key regions around the world. The combined group will benefit from the market insight of its teams on the ground and from their proven capacity to successfully deploy tailored ways of bringing their products to their end-users and offering value-adding services to their customers.

  3. **Deep operational expertise, "local-global" model.** Both Holcim and Lafarge have in the past successfully developed and implemented strong operating models and processes and cost reduction measures, developing a capability to operate efficiently

with a constant quality of products, while delivering savings with a strict and disciplined capital allocation across their entire portfolio. This group-wide expertise, superior performance management and continuous improvement mindset are leveraged at the local level through central support for expertise, cross-sharing of best practices and the best local teams.

4. **Strong tradition of sustainable development, health and safety.** Holcim and Lafarge have demonstrated a commitment to the development of sustainable products with reduced environmental impacts, reflected in successes such as new cement and concrete products with reduced carbon footprints and insulation capacities, long-term reductions in CO2 emissions per tonne of cement produced, increased use of alternative energy sources, enhanced waste management programs, and preservation of water resources through wastewater recycling and rainwater recovery systems. LafargeHolcim's commitment to a "zero harm to people" principle is also reflected in the priority given to health and safety, to reduce lost-time incidents, as well as initiatives to promote diversity and inclusiveness in the workplace.

5. **Financial and risk capacity.** Following the combination, LafargeHolcim expects to benefit from a position of financial strength. Its financial position should be further enhanced through synergies, improved cash flow generation, and its strategy of portfolio optimization and disciplined capital allocation, with the aim of providing attractive returns for its shareholders.

2. Synergies and Related Costs

LafargeHolcim believes that it is well positioned for sustainable and profitable growth, with the capacity to deliver synergies through operational efficiencies resulting from the implementation of best practices, cost synergies and economies of scale in procurement and selling, general and administrative expenses, and from the deployment of innovations on a larger scale, with the cross-fertilisation of Holcim's and Lafarge's respective value-added solutions and services portfolios. LafargeHolcim also believes that its enhanced cash flow generation and optimized capital allocation strategy may generate further cash synergies.

In connection with their evaluation of the merger, Holcim and Lafarge estimated the potential synergies resulting from their combination. These estimates are summarized below. Furthermore, those potential synergies were calculated at the foreign exchange rate of CHF1.223 per Euro, which prevailed around the date of the announcement of the merger on 7 April 2014.

LafargeHolcim is targeting run-rate synergies of EUR1.4 billion (CHF1.7 billion) phased in over three years following the completion of the combination, with EUR410 million (CHF500 million) of synergies in the first year (before non-recurring synergies implementation costs described below) and EUR900 million (CHF1.1 billion) of synergies phased-in in the second year (before non-recurring synergies implementation costs described below). Of the EUR1.4 billion (CHF1.7 billion) of run-rate synergies, LafargeHolcim estimates that it could realise around EUR1.0 billion (CHF1.2 billion) in operational synergies at the EBITDA level, EUR200 million (CHF240 million) in financing synergies and EUR200 million (CHF250 million) in capital expenditure synergies. Furthermore, LafargeHolcim targets one-time working capital synergies through the sharing of best practices of approximately EUR410 million (CHF500 million) over 3 years.

LafargeHolcim estimates that it will incur approximately EUR1.0 billion (CHF1.2 billion) of non-recurring synergies implementation costs during the two years following completion of the combination in order to implement these synergies.

Potential operational synergies could come from:

- Operational efficiencies realized from the selection and implementation of best practices, including in logistics, distribution, IT and energy consumption. The objective is to generate from these sources approximately EUR200 million (CHF240 million) of run-rate synergies at the EBITDA level;

- Procurement, including economies of scale and cost synergies achieved both through centralized procurement for certain global supplies and at the local level in countries where both Holcim and Lafarge are present. The objective is to generate from these sources approximately EUR340 million (CHF410 million) of run-rate synergies at the EBITDA level;

- Cost synergies in selling, general and administrative expenses due to the reduction or elimination of duplicative functions and the consolidation of corporate overhead, with the objective of generating approximately EUR250 million (CHF300 million) of run-rate synergies at the EBITDA level; and

- Deployment of innovations on a larger scale and the cross-fertilization of value-added product and services portfolio. The objective is to generate from these sources approximately EUR200 million (CHF240 million) of run-rate synergies at the EBITDA level.

The total operational synergies would therefore amount to approximately EUR1.0 billion (CHF1.2 billion) at the EBITDA level.

Potential financing and cash-flow synergies could come from:

- Financing synergies due to more favorable financing rates and synergies in cash allocation with a target of approximately EUR100 million (CHF120 million) from the end of the first year following the combination and up to approximately EUR200 million (CHF240 million) after the third year following the combination; and

- Capital expenditure synergies, through the selection and adoption of best practices on maintenance capital expenditures and higher efficiency on expansion capital expenditures, with a target of approximately EUR200 million (CHF250 million).

The total financing and cash flow synergies would therefore amount to approximately EUR400 million (CHF490 million).

These target synergies are based on a number of assumptions, which rely to a large extent on factors that are beyond the control of LafargeHolcim. LafargeHolcim may fail to realize these target synergies for many reasons, and in particular because it may have to bear significant implementation costs that could exceed the expected amounts, management may not be able to dedicate sufficient attention to the integration of the

merged companies, and the combination and harmonization of the different standards, procedures, organization and business culture could be more difficult or take more time than anticipated, as well as the other factors described under Section 3 of Part I and Section 2 of Part II of the Registration Document, in Section 2 of the securities note included in the prospectus prepared by Holcim which received from the AMF visa no. 15-233 dated 28 May 2015, and in Section 5.1 of the Company *Document de Référence* filed with the AMF on 23 March 2015 under number D.15-0190 (the "Document de Référence").

1.3 Main terms and conditions of the Offer

1.3.1 Terms of the Offer

Holcim irrevocably proposes to the shareholders of Lafarge, within an Offer acceptance period whose closing date shall be determined by the AMF, to exchange their Lafarge Shares according to an exchange ratio of nine registered Holcim Shares, with dividend rights attached, for every ten Lafarge Shares, with dividend rights attached (the "**Exchange Ratio**" or "**ER**").

The Lafarge shareholders tendering their Lafarge Shares to the Offer will not be entitled to receive the annual dividend of CHF1.30 per Holcim share for the financial year 2014 as approved by the annual shareholders' meeting of Holcim on 13 April 2015, and Holcim will not be entitled to receive the annual dividend of EUR1.27 per Lafarge Share for the financial year 2014 as approved by the annual shareholders' meeting of Lafarge on 7 May 2015. Such annual dividends for the financial year 2014 have been paid by Holcim and Lafarge respectively on 17 April 2015 and 12 May 2015.

1.3.2 Adjustment of the Terms of the Offer

On 20 February 2015, the Holcim Board of Directors proposed an annual dividend for the financial year 2014 of CHF1.30 per Holcim share. On 23 February 2015, the Board of Directors proposed an annual dividend for the financial year 2014 of EUR1.27 per Lafarge share. Such dividends were approved by the annual shareholders' meetings of Holcim and Lafarge respectively on 13 April 2015 and 7 May 2015.

Holcim and Lafarge agreed that a post-closing exceptional scrip dividend shall be paid after the closing of the re-opened Offer in respect of all LafargeHolcim shares, including newly issued Holcim Shares exchanged for Lafarge Shares in the context of the Offer. Such scrip dividend shall be in the ratio of one new LafargeHolcim share for twenty existing LafargeHolcim shares, subject to the successful closing of the Offer. The authorized share capital based on which the LafargeHolcim board of directors is authorized to distribute the scrip dividend was approved at the Holcim shareholders' meeting of 8 May 2015.

Nevertheless, if, before the end of the Offer acceptance period, either Holcim or Lafarge decides to pay any dividend (except the scrip dividend mentioned above), interim dividend or other kind of distribution (other than the dividends abovementioned), in any form, including through any capital reduction or amortization, the Offer consideration shall be adjusted to provide to the holders of Lafarge Shares or Holcim Shares, as the case may be, with the same economic effect as contemplated by the Offer Document prior to such event, by calculating the Exchange Ratio as follows:

$$ERn = [(ERn\text{-}1 \times SPHolcim) - DivLafarge] / (SPHolcim - DivHolcim)$$

Where;

i. “ERn-1” shall be the Exchange Ratio applicable immediately prior to the calculation is made;

ii. “SPHolcim” shall be the market price of a Holcim Share (in EUR) equal to the volume weighted average share price over the three (3) trading day period before the day immediately preceding the day on which the first of Lafarge or Holcim’s dividend is announced (the “**Reference Date**”) and the foreign exchange rate applied shall be the foreign exchange rate as published by the Banque de France on the day immediately preceding the Reference Date;

iii. “DivLafarge” shall mean the average per share amount (in EUR) of the distribution announced by Lafarge, whereby such average shall be calculated by taking into account that any holder of a Lafarge Share holding such share in registered form for at least two (2) years, including at the dividend payment date, is entitled to an increased dividend as per the provisions of the articles of association of Lafarge; and

iv. “DivHolcim” shall mean the actual per share amount (in EUR) of the distribution announced by Holcim and the foreign exchange rate applied shall be the foreign exchange rate as published by the Banque de France on the day immediately preceding the Reference Date.

The Exchange Ratio shall also be adjusted in the event that the Lafarge Shares or the Holcim Shares have been changed into a different number of shares or a different class by reason of any stock dividend, subdivision, reclassification, split, reverse split, combination or exchange of shares.

Any adjustment of the Exchange Ratio shall be subject to prior agreement of the AMF and announced in a press release by Holcim.

Nevertheless, it is specified that each of Holcim and Lafarge may continue to declare, set aside and pay regular annual dividends (or pay-outs) which are consistent with past practices of both companies, provided that such regular annual dividends (or pay-outs) may only be paid in cash.

1.3.3 Treatment of fractional shares

No fractional Holcim Shares may be issued in connection with the Offer. As a consequence, Holcim will not deliver fractional shares to the Lafarge shareholders. The Lafarge shareholders who tendered to the Offer (or the Re-opened Offer as the case may be) a number of Lafarge Shares which does not entitle them to a whole number of Holcim Shares will be considered as having expressly agreed to participate in the mechanism to resell fractional Holcim Shares described below for the fractional Holcim Shares to which they are entitled. Holders of Lafarge performance shares still subject to a holding period should refer to article 2.7.2 of the Offer Document.

Following the end of the Offer acceptance period (or the end of Re-opened Offer acceptance period as the case may be), an authorized intermediary designated by Holcim will put in place a mechanism to resell fractional Holcim Shares for the account of Lafarge shareholders who tendered to the Offer a number of Lafarge Shares which does not allow them to receive a whole number of Holcim Shares.

Euronext Paris will aggregate the fractional Holcim Shares in order to obtain a whole number of Holcim Shares (with their number being rounded up to the next unit) and will deliver those to the authorized intermediary thus designated which will sell them on the market on the account of the Lafarge shareholders participating in this resale mechanism no later than ten (10) trading days following the closing of the Offer (or the closing of the Re-opened Offer as the case may be). The cash amount (in EUR rounded to the next EUR, it being noted that EUR0.5 will be rounded to EUR1) will be paid to the Lafarge shareholders as soon as possible following this date. The Lafarge shareholders who participate in this resale mechanism will receive the net proceeds of sales *pro rata* to their participation in this mechanism, it being noted that Holcim will bear the brokerage fees payable to the authorized intermediary designated by Holcim linked to the establishment of this resale mechanism.

In addition, under no circumstances will any interest be paid on the cash amount to be received by the Lafarge shareholders in return for fractional Holcim Shares, even in the event of late payment of this amount.

As examples, and for illustration purposes only:

- in the event that a Lafarge shareholder tenders 15 Lafarge Shares to the Offer, the Lafarge shareholder will receive 13 Holcim Shares (15x0,9 = 13,5) and the proceeds of the sale in cash of the 0,5 fractional Holcim Share;
- in the event that a Lafarge shareholder tenders 5 Lafarge Share to the Offer, the Lafarge shareholder will receive 4 Holcim Shares (5x0,9 = 4,5) and the proceeds of the sale in cash of the 0,5 fractional Holcim Share.

1.3.4 Liquidity mechanisms to the benefit of holders of Lafarge stock options and of Lafarge performance shares

Pursuant to the Combination Agreement, Holcim and Lafarge agreed to offer liquidity to the holders of Lafarge stock options, Lafarge performance shares and Lafarge Shares held in employee funds. The information relating to the Lafarge stock options, Lafarge performance shares and Lafarge Shares held in employee funds are referred to in the Document de Référence, as well as in article 2.7 of the Offer Document.

1.3.4.1 Liquidity offered to holders of Lafarge stock options

Holders of Lafarge stock options will be granted the right to exchange the Lafarge shares resulting from the exercise of such stock options after the closing of the Offer into LafargeHolcim shares on the basis of the Exchange Ratio, to the extent permitted under applicable regulations and provided that such holders have agreed to such exchange upon exercise of their stock options.

For each Lafarge stock option granted pursuant to the 2005, 2006, 2007, 2008, 2009, 2010, 2011 or 2012 plan, such liquidity will only be available until the earlier of (i) the last trading day of the month during which the exercise of the Lafarge stock options will occur, or, if the date of such exercise is less than 5 trading days prior to such month end, the last trading day of the month following the month during which such exercise will occur, and (ii) 31 December 2020. For the avoidance of doubt, no liquidity will be available for any Lafarge shares resulting from the exercise of Lafarge stock options from 1 January 2021.

1.3.4.2 Liquidity offered to holders of Lafarge Performance Shares

Holders of Lafarge performance shares who cannot tender such Lafarge performance shares to the Offer due to the terms and conditions of the relevant plan (vesting period) or because of legal, regulatory or governance constraints will have the right to exchange their Lafarge performance shares into LafargeHolcim shares on the basis of the Exchange Ratio, to the extent permitted under applicable regulations and provided that such holders have agreed to such exchange.

Such liquidity will only be available until the first trading day following the date on which the applicable vesting period or, if any, holding period, of the Lafarge performance shares will end.

For French tax residents, the liquidity mechanism will therefore be available, to the extent permitted under applicable regulations, until the first trading day following the applicable holding period of the 2012 plan, 2013 plan and 2014 plan, respectively.

For non-French tax residents, the liquidity mechanism shall therefore be available, to the extent permitted under applicable regulations, until the first trading day following the applicable vesting period of the 2012 plan, 2013 plan and 2014 plan, respectively

1.3.4.3 Other liquidity mechanisms

Non-French tax resident holders of stock options, performance shares or securities issued pursuant to employee saving plans will also benefit from comparable liquidity rights, subject to applicable local restrictions. Information will be provided to the concerned employees after the closing of the Offer.

1.3.5 <u>Conditions to the Offer</u>

1.3.5.1 Minimum acceptance threshold of 2/3rds of share capital or voting right

Pursuant to the provisions of article 231-9 II of the AMF general regulations, the Offer is subject to the condition that Lafarge Shares, together with the shares of Lafarge held by Lafarge or its affiliates, representing at least two-thirds (2/3) of the share capital or voting rights of the Company (taking into account the loss of double voting rights of Lafarge Shares tendered to the Offer) as of the end date of the Offer acceptance period, be obtained by Holcim (hereafter, the "**Success Threshold**").

To calculate the Success Threshold, the following will be taken into consideration:

- for the numerator: all Lafarge Shares validly tendered to the Offer as of the end date of the Offer acceptance period as well as all the treasury shares of Lafarge;
- for the denominator: all existing Lafarge Shares as of the end of the Offer acceptance period.

Whether the Success Threshold has been reached will not be known by the Offeror or holders of the Lafarge Shares before the publication of the final results of the Offer, which will occur after the end of the Offer acceptance period.

Pursuant to Article 231-9 II of the AMF general regulations, the Offeror may waive the Success Threshold after the publication of the results of the Offer by the AMF. Such waiver will only be possible to the extent that it will have been previously agreed by Lafarge (pursuant to the Combination Agreement) and that the number of Lafarge Shares tendered to the Offer exceeds the caducity threshold referred to in article 231-9 I of the AMF general regulations, i.e., 50% of the existing share capital or voting rights of Lafarge

If the Success Threshold is not reached, and if the Offeror has not decided to waive the Success Threshold as specified in the preceding paragraph, the Offer will terminate and the Lafarge Shares tendered to the Offer will be returned to their holders, without any interest or compensation of any kind being due to them.

The Offeror may also decide, to waive or reduce the Success Threshold, by filing an improved offer (*surenchère*) at least five trading days before the end of the Offer acceptance period, in accordance with the provisions of article 232-7 of the AMF general regulations. In any case, the Success Threshold shall not be reduced (i) without the prior approval of Lafarge (pursuant to the Combination Agreement) and (ii) below the caducity threshold of 50% of the share capital or voting rights referred to in article 231-9 I of the AMF general regulations.

1.3.5.2 Approval by the Holcim general meeting of shareholders of the issuance of the Holcim Shares and subsequent registration of the amended Holcim articles of association and the Holcim Shares with the commercial register of St. Gallen, Switzerland

The Offer is subject to the condition of approval by the general meeting of shareholders of Holcim of the resolution relating to the increase of Holcim's share capital in such a maximum amount as may be necessary to issue the Holcim Shares, and the subsequent registration of amended Holcim articles of association and all such Holcim Shares to be issued as consideration for the Lafarge Shares tendered to the Offer, with the commercial register of St. Gallen.

The general meeting of shareholders has approved the relevant share capital increase on 8 May 2015. In accordance with Swiss law, this resolution is valid for three months. Accordingly, all decisions and actions needed to be taken by the Holcim Board of Directors in order to proceed with the issuance of the Holcim Shares to be remitted as consideration for the Lafarge Shares tendered to the Offer, and the filing of the application for the registration of the capital increase with the commercial register of St. Gallen will have to take place within three months from the date of the respective shareholders' meeting at the latest. As a consequence, if the application for the registration of the capital increase, together with all required information, cannot be deposited with the commercial register of St. Gallen on or before 8 August 2015, a new shareholders' meeting would have to be convened to resolve on the share capital increase for the issuance of such Holcim Shares. In such a case, the Offer will be subject to the approval by such new general meeting of shareholders of Holcim of the ordinary share capital increase in Holcim's share capital in such a maximum amount as may be necessary to issue the Holcim Shares to be remitted as consideration for the Lafarge Shares tendered to the Offer (and the registration with the commercial register as described in this article).

The Holcim Board of Directors has undertaken to convene such additional shareholders' meeting in the event the corresponding resolution adopted on 8 May 2015 lapses prior to closing of the Offer.

In addition, according to applicable Swiss law, after the approval of the general meeting of shareholders of Holcim of the relevant resolutions, and their implementation by the Holcim Board of Directors if the Offer is successful, the completion of the capital increase and the issuance of the Holcim Shares become effective only upon and subject to the registration of the share capital increase with the commercial register of St. Gallen, Switzerland. Under Swiss law, this registration may be blocked for reasons beyond Holcim's control if a request to this effect is filed with the Commercial Register by any third party, thereby delaying or preventing the issuance of the Holcim Shares and consequently delaying or preventing the settlement of the Offer.

It is noted that Schweizerische Cement-Industrie-Aktiengesellschaft[2] ("**SCIA**"), which holds 20.11% of the share capital and voting rights of Holcim as of 31 December 2014, has undertaken to vote in favor of all shareholders' resolutions at the relevant Holcim general meetings required to complete the

[2] This entity is indirectly controlled by Mr. Thomas Schmidheiny.

Offer and to reiterate such undertaking as may be required for the purpose of the Offer, in accordance with the undertaking agreement dated 6 April 2014, reiterated on 19 March 2015, on as further described in article 4.3 of this response offer document.

If, for any reason whatsoever, including a delay or an impossibility in the registration of the capital increase with the commercial register, the condition provided in this article (b) would not be fulfilled, the Offer will terminate and the Lafarge Shares tendered to the Offer will be returned to their holders, without any interest or compensation of any kind being due to them.

The terms and conditions of the Offer are further described in article 2 of the Offer Document. In particular, Lafarge shareholders should refer to articles 2.10 to 2.21 of the Offer Document.

2 REASONED OPINION OF THE BOARD OF DIRECTORS OF THE COMPANY

The Board of Directors of Lafarge was held on 10 May 2015, under the chairmanship of Mr. Bruno Lafont, Chaiman of the Board, to examine the Offer and issue a reasoned opinion on the interest and the consequences of the Offer on the Company, its shareholders and its employees.

All the Directors were presents or represented, i.e. Mr. Bruno Lafont, Mr. Oscar Fanjul, Mr. Philippe Charrier, Mr. Philippe Dauman, Mr. Paul Desmarais, Jr., Mr. Juan Gallardo, Mr. Ian Gallienne, Mrs. Mina Gerowin, Mr. Jérôme Guiraud, Mr. Luc Jeanneney, Mr. Gérard Lamarche, Mrs. Hélène Ploix, Mr. Baudouin Prot, Mrs. Christine Ramon, Mr. Michel Rollier, Mr. Nassef Sawiris, Mr. Ewald Simandl, and Mrs. Véronique Weill.

The reasoned opinion of the Board of Directors issued on 10 May 2015 is as follows:

*"The Chairman of the Board of Directors reminds the members of the Board of the rationale and the main terms and conditions of the proposed merger of equals between the Company and Holcim, that were announced on April 7, 2014 and agreed in the Business Combination Agreement entered into on July 7, 2014 and amended on March 20, 2015. He also presents the terms and conditions of the exchange offer to be launched by Holcim for the Company shares to effect the proposed merger (the "**Offer**") and points out that in the joint press release of Holcim and the Company of May 8, 2015, Holcim intends to file the Offer with the Autorité des marchés financiers on May 11, 2015.*

He also reminds that Mr. Bruno Husson and Mr. Henri Philippe from Accuracy, which was appointed as independent expert by the Board of Directors on February 17, 2015, pursuant to Articles 261-1 et seq. of the General Regulations of the Autorité des marchés financiers, made a presentation of their report on the financial terms of the Offer to the Board at the May 7, 2015 Board of Directors meeting.

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

(a) The terms and conditions of the Business Combination Agreement entered into on July 7, 2014 as amended, which in particular includes the conditions to which the merger between the Company and Holcim is subject, including, inter alia, (i) obtaining the required regulatory clearances, (ii) the acquisition by Holcim of a number of Lafarge shares such that together with Lafarge shares held by the Company and its subsidiaries, Holcim holds at least two thirds of the issued shares or voting rights[3] of the Company at the end of the Offer acceptance period, (iii) if the authorization referred to in (c)(i) below has not been utilized within three months thereof, the authorization by the shareholders' meeting of Holcim to issue new Holcim shares to be delivered in exchange for Lafarge shares in the Offer and (iv) the registration of the amended articles of association and the new Holcim shares with the commercial registry of St Gallen (Switzerland);

[3] *taking into account the loss of double voting rights of Lafarge Shares tendered to the Offer.*

(b) the proposed merger has been approved by the following antitrust authorities: Brazil; Canada; China; Common Market for Eastern and Southern Africa (COMESA); European Union; India; Kenya; Mexico; Morocco; Russia; Serbia; Singapore; South Africa; Tanzania; Turkey; United States of America and Ukraine; approvals from the Mauritian and the Indonesian antitrust authorities are still pending but they do not impose any standstill obligations;

(c) the decisions of the shareholders' meeting of Holcim of May 8, 2015 authorizing (i) the issuance of a maximum of 264,237,400 new Holcim shares to be delivered in exchange for Lafarge shares tendered in the Offer, as well as (ii) an authorized share capital of a maximum of 132,118,700 new Holcim shares for the re-opened Offer and, as the case may be, the potential squeeze-out, and (iii) an authorized share capital for the scrip dividend;

(d) the draft Offer document (projet de note d'information) prepared by Holcim, including the valuation analysis prepared by UBS and Société Générale acting as presenting banks in connection with the Offer, which Holcim intends to file together with the Offer with the Autorité des marchés financiers on May 11;

(e) the draft prospectus for the listing of Holcim shares on Euronext Paris (composed of a draft registration document (projet de document de base) and a draft securities note (projet de note d'opération)), and in particular Section 2 of Part I of the draft registration document which describes the proposed merger, its rationale and expected synergies;

(f) the commitments from Groupe Bruxelles Lambert, on the one hand, and Mr. Sawiris and NNS Holding Sarl, on the other hand, the major shareholders of Lafarge representing (directly and indirectly) 21.0% and 13.9%, respectively, of the issued shares of the Company, to tender their Lafarge shares in the Offer, and the commitment from SCIA, the major shareholder of Holcim holding 20.1% of the issued shares of Holcim, to vote in favor of the resolutions of any shareholders' meeting of Holcim authorizing the issuance of new Holcim shares to be offered as consideration in the Offer;

(g) the information document provided to the Company's works council on the Offer and their opinion dated May 4, 2015, as well as the report of the auditor appointed by the works council dated April 24, 2015;

(h) the draft response document (projet de note en réponse) prepared by the Company.

Based on the foregoing, the Board of Directors acknowledges that the proposed merger, to be implemented through the Offer, constitutes a unique opportunity to create a new global company with European roots which (i) will offer an unprecedented range of products and services to answer the changing demands of the building materials industry and the challenges of increasing urbanization, (ii) will be uniquely positioned in 90 countries around the world with a balanced exposure to both developed and high growth markets, and (iii) will result in enhanced performance notably through incremental synergies expected to total EUR1.4 billion on a full run-rate basis phased in over three years. The Board also notes that the new group aims at providing attractive returns for its shareholders, underpinned by a strategy of portfolio optimization and disciplined capital allocation and a superior cash flow generation potential.

Based on the report of the independent expert, the Board of Directors also acknowledges that when considering the consideration offered in the Offer to the Company shareholders, i.e., 9 Holcim shares for every 10 Company shares, the independent expert considered that:

– *Two criteria must be respected for the Offer exchange ratio to be considered fair: it must (i) factor in the value of the assets and the growth potential of both groups, and (ii) reflect a "fair allocation" of the value to be created by the combination (i.e., the value of any* *synergies) among the shareholders of each of the Lafarge and Holcim groups. Given the nature of the planned combination ("merger of equals") and the characteristics of the expected synergies, the second criterion requires the Offer exchange ratio to be based on the respective market values of both groups before taking into account the impacts of the combination ("Intrinsic Values"). Implicitly, this means that no control premium exists.*

- *Its valuation work was performed using a multi-criteria approach. It showed that the Offer exchange ratio was at the bottom of the range of ratios based on the Intrinsic Values that resulted from the valuation references (analysts' target prices and share prices) or from the valuation methods used (DCF and listed peers methods). As a result, the independent expert believes that the exchange ratio is acceptable for Lafarge shareholders and note that it does not include any premium relative to the ratios resulting from its different estimates of the Intrinsic Value of each group.*

- *Regarding the financial merits of the Offer, the absence of a control premium leads the independent expert to raise the question of the potential value creation resulting from the synergies. When no synergies are expected, an exchange offer with no premium would have no financial merits for the target company's shareholders. However, an offer should be considered if the combination is likely to generate synergies. Further, if the value expected to be created by these synergies is significant compared with the Intrinsic Values, the position of the exchange ratio within the range of ratios obtained from a multi-criteria valuation approach is irrelevant, since its impact on the increase in the target company's shareholder value is limited. In the present case, based on the information provided by the management of Lafarge and Holcim at the time the transaction was announced, the planned combination is expected to generate significant synergies. Consequently, the value to be created as a result of these synergies could be significant compared with the Intrinsic Values. This can be seen in (i) the impact of the announcement of the Transaction on the combined shareholder value of the two groups (i.e., an increase of around 13% over a period including the date the Transaction was announced and the previous 10 trading days) and (ii) the revised target prices published by financial analysts in the two months following the announcement (representing a median increase of around 17% for the Lafarge share and around 15% for the Holcim share based on a sample of 11 financial analysts).*

- *These positive reactions to the announced Transaction should not blind us to the execution risks, which exist as for any large-scale merger. Due to the absence of significant economies of scale in this case, the synergies expected cannot be realized in full if the two groups are not able to integrate successfully.*

The Board has taken good note that the independent expert concludes that, given (i) the position of the Exchange Ratio relative to the ratios derived from the Intrinsic Values of the two groups, and (ii) the potential for value creation resulting from the synergies, financial terms and conditions of the Offer are fair for the shareholders of the Company, and that the review of the Business Combination Agreement entered into between Holcim and the Company on July 7, 2014, as amended on March 20, 2015, (which the Company management confirmed to be the only agreements entered into between them and Holcim), as well as the review of the Undertakings Agreements entered into by two shareholders of Lafarge, Mr. Nassef Onsi Sawiris and NNS Holding Sàrl, on the one hand and Groupe Bruxelles Lambert, on the other hand, have not revealed any elements that could jeopardize the equal treatment of all the Company shareholders.

Finally, the Board of Directors has reviewed the consequences of the Offer on the employees of the Company and acknowledges the following:

- *First, employees (and former employees) who are shareholders of the Company, whether directly or indirectly through a Company mutual fund (FCPE Lafarge 2000), who have been granted Lafarge stock options or performance shares and/or participate in any other Lafarge* *employee share scheme, would (i) be able to tender their Company shares in the Offer, if permitted under the relevant plans and applicable laws, or (ii) if such shares cannot be tendered in the Offer (e.g., because their stock options have not been exercised or performance shares have not vested or the applicable holding period is ongoing or the Offer is not open in their country), benefit from a liquidity mechanism granted by LafargeHolcim, if permitted under applicable laws.*

- *Second, pursuant to the draft offer document and the information provided to the Company's works council:*

  - *following the divestments to CRH, there will be limited overlaps between the industrial activities of Holcim and the Company. In addition, Holcim has indicated that it believes that, subject to certain measures which may be necessary due to circumstances independent from the Offer, the combination of the two companies should have a limited impact on the production sites in general or research center in France, on which LafargeHolcim will continue to rely to pursue its development strategy. There is currently no plan to reduce headcount in industrial sites within the next twelve months;*

  - *with exceptions to the divestments to CRH referred to above, there will be limited consequences in terms of employment for the other functions other than the central corporate functions.*

- *Third, the works council of the Company issued an unfavorable opinion on the Offer on May 4, 2015.*

Based on the foregoing, after discussion and in consideration for the unique equity story of the proposed combination and the synergies expected therefrom, the Board of Directors unanimously approves the proposed merger under the terms and conditions set forth in the above-mentioned documents and determines that the Offer is in the best interests of the Company, its shareholders and its employees.

Consequently, the Board of Directors recommends to the shareholders of the Company to accept the Offer and to tender their shares to the Offer.

The Board of Directors confirms that the treasury shares held by the Company (i.e., 70,608 shares at April 30th, 2015) will not be tendered in the Offer because they will be used to grant shares under the Company performance share plans.

The members of the Board of Directors also confirm their intent to tender their Company shares to the Offer within the limit provided by the Bylaws of the Company (i.e., 1,143 shares to be kept)."

3 OPINION OF THE WORKERS' COUNCIL OF THE COMPANY

The opinion of the workers' council is reproduced below (free translation from French prepared by Lafarge). The report of the expert appointed by the workers' council of the Company is attached as Annex.

"*Following the two lists of questions and requests of documents sent on April 7 and 9, 2015, respectively, to the Holcim management, via Lafarge SA, we note that, as of April 24, 2015, the date of the report of the auditor appointed by our works council, no response nor any documents have been communicated.*

Hence, when the Holcim representative attended the meeting of the works council of April 8, 2015, we clearly requested to receive precise written answers.

As an example of document not provided, we can cite the « White Paper », an important existing document, mentioned several times in different sources, including in the newsletter N°7 of April 2015, which says that: « their main tool is the White Paper, which establishes a list of priorities and ambitions to develop at each national level ».

Requested information was to be provided in addition to the documents that have been made available since the beginning of the information-consultation process, such as the information document provided to the works council of April 2, 2015 and the draft registration document, securities note and public offer document relating to the exchange offer, provided to our auditor on April 8, 2015.

Some satisfactory responses were provided on May 4, 2015, the very day of the issuance of the works council's opinion, but they would have needed to be developed.

All of this information would have been particularly useful for the works council in order to:

- *assess if the exchange offer is beneficial to Lafarge SA;*
- *evaluate of the contemplated reorganization which would entail job reductions would allow to secure the remaining jobs, whether existing or newly created ones;*
- *assess the advantages for the employee shareholders to participate in the offer.*

This merger entails important risks that are identified in the draft documents to be filed with the AMF, but they are not listed in order of importance and there is no proposal to reduce them or attenuate their consequences.

The synergies that are partly explaining the merger transaction are not sufficiently justified, the unaudited pro forma situation present some uncertainties and moreover the goodwill valuation poses a risk for the results of LafargeHolcim.

Consequences on employment are imprecise and alarming, especially for central functions. Indeed, while the transaction is presented as a « merger of equals », it seems that most of the key functions are going to be held by persons from Holcim and most certainly be located in Switzerland. In addition, the radical change in organization with the setting up of regional functions will result in a general reduction in tasks.

Moreover, the management values « Passion, Performance and Strength » that have been presented by Holcim appear to us as being away from the action principles of Lafarge « Vision, Engagement and Lafarge Way ».

Finally, the works council of SA does not have the authority to make recommendations on whether the employee shareholders should tender their Lafarge shares in the offer. This is all the more true if we take into account the uncertainties described above and the absence de justification of the exchange ratio, which does not allow the works council to assess the interest of this transaction for each employee shareholders.

In conclusion and after discussion, the works council of Lafarge SA issues a negative opinion on the exchange offer taking place in the context of the merger of Lafarge and Holcim."

4 AGREEMENTS THAT MAY HAVE AN IMPACT ON THE ASSESSMENT OF THE OFFER OR ITS OUTCOME

With the exception of the agreements mentioned below, the Company is not aware of any other agreements that could have a significant impact on the assessment of the Offer or its outcome.

4.1 Combination Agreement

Holcim and Lafarge have entered into a Combination Agreement on 7 July 2014 (as further described in article 1.2.11.2.1.1 of this response offer document), as amended on 20 March 2015.

4.2 Undertakings to tender to the Offer

Pursuant to an undertaking agreement dated 6 April 2014 and reiterated on 19 March 2015, Groupe Bruxelles Lambert (a company incorporated under the laws of Belgium jointly controlled by the Frère and Power Corporation of Canada[4] groups, "**GBL**") has undertaken to tender to the Offer 60,568,754 Lafarge Shares, representing 21.04% of the share capital and 29.29% of the voting rights[5] of Lafarge, to Lafarge's knowledge as of 30 April 2015, including, if applicable, any additional Lafarge Shares acquired by any means since the date of the undertaking agreement.

Pursuant to an undertaking agreement dated 6 April 2014 and reiterated on 19 March 2015, NNS Holding Sàrl (a company incorporated under the laws of Luxembourg controlled by trusts created by Mr. Nassef Sawiris and members of his family) and Mr. Nassef Onsi Sawiris (NNS Holding Sàrl and Mr. Nasser Sawiris, together "**NNS**") have undertaken to tender to the Offer 40,064,682 Lafarge Shares[6], representing 13.91% of the share capital and 19.42% of the voting rights[7] of Lafarge, to Lafarge's knowledge as of 30 April 2015, including, if applicable, any additional Lafarge Shares acquired by any means since the date of the undertaking agreement.

The main provisions of those undertaking agreements and of the reiteration of such undertakings have been disclosed in notices from the AMF dated respectively 14 April 2014 (number 214C0562) and 27 March 2015 (number 215C0361).

Pursuant to these undertaking agreements, the undertakings of each of GBL and NNS shall be void in the event a third party (i) files a public tender offer on Lafarge before the filing date of the Offer or (ii) files a public competing offer (*offre concurrente*) following the filing of the Offer, and such offers described in (i) and (ii) are declared compliant (*conformes*) by the AMF. However, following such filing of an offer by a third party, in the event that Holcim files a competing offer or an improved offer (*surenchère*), as the case may be, that is declared compliant by the AMF, and that all other terms and conditions of the Offer remain unchanged in such Holcim's competing offer or higher bid (in particular with respect to the governance principles of the new combined group), all of the undertakings of GBL and NNS will immediately apply with full force, *mutatis mutandis*, to the competing offer or higher bid, as the case may be, as if such undertakings had never been void.

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[4] A company indirectly controlled by the Family Trust Desmarais.

[5] Including GBL's double voting rights which will be lost upon the transfer of the Lafarge Shares to Holcim in the context of the Offer.

[6] In addition, NNS Holding (Cayman), an indirect shareholder of NNS Holding Sarl, is party to a cash settled share forward agreement giving it only an economic exposure over 6,000,000 reference Lafarge Shares.

[7] Including NNS's double voting rights which will be lost upon the transfer of the Lafarge Shares to Holcim in the context of the Offer.

Each of GBL and NNS has represented and warranted that it is not acting in concert with any third party in respect of Holcim or Lafarge and has undertaken not to act in concert with any third party in respect of Holcim or Lafarge until 31 December 2015 (the "**Restricted Period**").

In addition, during the Restricted Period, each of GBL and NNS has undertaken, on its own behalf and on behalf of its subsidiaries, (i) to hold and not to sell or otherwise transfer, including through the use of derivative instruments, any Lafarge Share (subject to certain exceptions[8]), (ii) not to take any measure resulting in encouraging, facilitating or leading to an alternative transaction[9] and to provide Lafarge and Holcim with oral and written notice of the terms and conditions of such alternative transaction, (iii) not to have any discussion with any person relating to an alternative transaction or engage in any negotiations concerning an alternative transaction, and (iv) not to support, or propose publicly to support, any alternative transaction.

Both undertaking agreements shall be automatically terminated on 31 December 2015, subject to early termination, it being specified that in the event that the Offer is filed by Holcim before 31 December 2015, the term of the agreements shall be automatically extended until the closing of the Offer.

4.3 Undertaking to vote in favor of all shareholders' resolutions to complete the Offer

Pursuant to an undertaking agreement dated 6 April 2014 and reiterated on 19 March 2015, SCIA, which holds 20.11% of the share capital and voting rights of Holcim as of 31 December 2014, has undertaken to vote in favor of all shareholders' resolutions at the relevant Holcim general meetings required to complete the Offer and to reiterate such undertaking as may be required for the purpose of the Offer.

Pursuant to this agreement, the undertakings of SCIA shall be void in the event a third party (i) files a public tender offer on Lafarge before the filing date of the Offer or (ii) files a public competing offer (*offre concurrente*) following the filing of the Offer, and such offers described in (i) and (ii) are declared compliant (*conformes*) by the AMF. However, following such filing of an offer by a third party, in the event that Holcim files a competing offer or an improved offer (*surenchère*), as the case may be, that is declared compliant by the AMF, and that all other terms and conditions of the Offer remain unchanged in such Holcim's competing offer or higher bid (in particular with respect to the governance principles of the new combined group), all of the undertakings of SCIA will immediately apply with full force, *mutatis mutandis*, to the competing offer or higher bid, as the case may be, as if such undertakings had never been void.

SCIA has represented and warranted that it is not acting in concert with any third party in respect of Holcim or Lafarge and has undertaken not to act in concert with any third party in respect of Holcim or Lafarge during the Restricted Period.

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[8] Such exceptions referring to (i) the granting of any pledges or any other securities or the transfer of Lafarge Shares to their subsidiaries, provided that these Lafarge Shares can still be tendered to the Offer, and (ii) change in the form of holding of the Lafarge Shares from registered (*nominatif*) to bearer (*porteur*), to the extent strictly necessary in order to avoid any mandatory tender offer.

[9] An alternative transaction encompasses, for Holcim and Lafarge, any offer or proposal, or any solicitation, which could reasonably lead, directly or indirectly to (i) the obligation to file a tender offer for all shares of Holcim or Lafarge pursuant to applicable laws or (ii) the acquisition of a significant part of the assets of Holcim or Lafarge.

In addition, during the Restricted Period, SCIA undertakes, on its own behalf and on behalf of its subsidiaries, (i) to hold and not to sell or otherwise transfer, including through the use of derivative instruments, the Holcim shares (subject to certain exceptions[10]), (ii) not to take any measure resulting in encouraging, facilitating or leading to an alternative transaction and to provide Lafarge and Holcim with oral and written notice of the terms and conditions of such alternative transaction, (iii) not to have any discussion with any person relating to an alternative transaction or engage in any negotiations concerning an alternative transaction, and (iv) not to support, or propose publicly to support, any alternative transaction.

This undertaking agreement shall be automatically terminated on 31 December 2015, subject to early termination, it being specified that in the event that the Offer is filed by Holcim before 31 December 2015, the term of the agreement shall be automatically extended until the closing of the Offer.

5 ELEMENTS RELATING TO THE COMPANY THAT MAY HAVE AN IMPACT IN CASE OF A TENDER OFFER

5.1 Company's share capital structure and ownership

As of 31 December 2014, the share capital of Lafarge amounted to 1,150,166,736 euros and was divided into 287,541,684 ordinary shares of EUR4 par value, fully paid up and all of the same class, and the number of voting rights was 412,822,976 (including 70,538 relating to treasury shares that are temporarily deprived of voting rights).

Double voting rights are attached to fully paid-up shares registered for at least two years in the name of the same shareholder. Such double voting rights will be lost upon the transfer of the Lafarge Shares to Holcim in the context of the Offer.

To the Company's knowledge, as of 30 April 2015, the issued and outstanding shares of Lafarge are held as follows:

Shareholders	Number of shares held	Number of voting rights held	% of share capital	% of voting rights
GBL	60,568,754	120,876,019	21.0	29.3
NNS	40,064,682	80,129,364	13.9	19.4
Dodge & Cox[11]	20,891,162	28,309,058	7.3	6.9
Other shareholders[12]	166,338,777	183,297,582	57.8	44.4
Treasury shares	70,608	70,608[13]	-	-

[10] Such exceptions referring to (i) the granting of any pledges or any other securities or the transfer of Holcim shares to its subsidiaries and (ii) the transfer of Holcim shares to the extent strictly necessary in order to avoid any mandatory tender offer.

[11] Based on the information available as of 31 March 2015.

[12] Including 51,471 shares currently held by Cementia Holding AG for the benefit of shareholders who have not requested the delivery of their Lafarge shares, following the squeeze-out procedure carried out by Lafarge in 2002 with respect to the Cementia Holding AG shares.

[13] Theoretical voting rights, at a general meeting these shares bear no voting right.

Shareholders	Number of shares held	Number of voting rights held	% of share capital	% of voting rights
Total	**287,932,312**	**412,679,289**	**100**	**100**

5.2 Restrictions to the exercise of voting rights and share transfers

5.2.1 Statutory restrictions on the exercise of voting rights and share transfers

5.2.1.1 Adjustment of voting rights

There are no restrictions on the number of voting rights held by each of the Lafarge shareholders if those rights do not exceed 5% of the voting rights attached to all the shares comprising the Company's share capital. Above this threshold, the number of voting rights is adjusted on the basis of the percentage of the capital represented at the general meeting rounded upwards to the nearest whole unit. This prevents over-representation of a shareholder when participation at a general meeting is low, while ensuring that each of our shareholders obtains a percentage of voting rights at least equal to his/her stake in the Company's share capital.

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

5.2.1.2 Notification of crossing of ownership thresholds

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

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

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

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

5.2.1.3 Share transfers

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

5.2.2 Agreements providing for preferential share transfer provisions on 0.5% or more of the share capital or voting rights of Lafarge (article L.233-11 of the French commercial code)

To the Company's knowledge, the only agreements providing for preferential share transfer provisions on 0.5% or more of its share capital or voting rights of Lafarge in accordance with article L.233-11 of the French code of commerce, are the undertakings to tender shares to the offer referred to in article 4.2 of this response offer document. The main provisions of those undertaking agreements and of the reiteration of such undertakings have been disclosed in notices from the AMF dated respectively 14 April 2014 (number 214C0562) and 27 March 2015 (number 215C0361).

5.3 Direct or indirect holdings in the Company's share capital disclosed pursuant to the crossing of a threshold or a transaction on securities

To the Company's knowledge, as of the date of this response offer document, the share capital of Lafarge is distributed as described is paragraph 5.1 above.

Since 31 December 2014, the Company has not received any notices of crossing of ownership thresholds pursuant to article L.233-7 I of the French commercial code.

5.4 List of holders of any securities carrying special control rights and a description of such rights

None.

5.5 Control mechanism provided for in an eventual employee participation scheme, when control rights are not exercised by the latter

The supervisory board of the FCPE Lafarge 2000 (which holds 0.52% of the share capital and voting rights of Lafarge as of 31 December 2014) will have to decide during the offer period whether it tenders the Lafarge Shares it holds to the Offer and, if it decides to tender such shares, the supervisory board will have to draw the consequences of its decision and decide to amend the rules of the FCPE, subject to the approval of the AMF, in order notably to substitute any reference to "Lafarge" in the plan for "LafargeHolcim".

5.6 Agreements between shareholders known to the Company and that may entail restrictions on share transfers and the exercise of voting rights

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

5.7 Rules applicable to the appointment and replacement of the members of the Board of Directors, as well as to the amendment of articles of association of the Company

5.7.1 Rules applicable to the appointment and replacement of the Directors

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

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

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

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

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

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

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

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

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

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

5.7.2 Rules applicable to amendments of the articles of association of the Company

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

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

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

5.8 Powers of the Board of Directors relating in particular to the issuance and repurchase of shares

Apart from the general powers according to the Board of Directors by law and by the articles of association of the Company, the Board of Directors of the Company has been granted the following authorization by the shareholders general meeting held on May 7, 2015:

Type of authorization to be voted upon	Maximum amounts	Expiration date
Authorization to the Company to buy and sell its own shares (10th resolution)	Up to 5% of the share capital Up to 500 million euros Unitary Purchase price up to 100 euros	November 7, 2016
Delegation of authority to the Board of Directors to issue shares and securities entailing a capital increase, with preferential subscription rights (13th resolution)	560 million euros[14] (nominal value)	July 7, 2017
Delegation of authority to the Board of Directors to issue shares and securities entailing a capital increase, with cancellation of the preferential subscription right of the shareholders (14th resolution)	112 million euros[15] (nominal value)	July 7, 2017
Delegation of authority to the Board of Directors to issue shares and securities entailing a capital increase in an offer covered by article L.411-2, II of the French Monetary and Financial Code, with cancellation of the preferential subscription right of the shareholders (15th resolution)	112 million euros[16] (nominal value)	July 7, 2017
Delegation of authority to the Board of Directors to issue shares and securities entailing a capital increase as payment for contributions in kind (16th resolution)	112 million euros[17] (nominal value)	July 7, 2017
Delegation of authority to the Board of Directors to increase the number of securities to be issued in case of a capital increase with or without preferential subscription rights (17th resolution)	Up to the amount applicable to the initial issue and to be applied against the cap set forth in the 15th and/or the 14th resolution	July 7, 2017

[14] Overall ceiling for the 14th, 15th,, 16th, 17th, 18th, 22nd and 23rd resolutions.
[15] To be counted towards the overall ceiling set forth in the 13th resolution.
[16] See footnote 14 and to be counted towards the overall ceiling set forth in the 14th resolution.
[17] See footnote 15.

Delegation of authority to the Board of Directors to increase the capital by incorporation of premiums, reserves, profits or other items (18th resolution)	100 million euros[18] (nominal value)	July 7, 2017
Authorization to the Board of Directors to reduce the share capital through cancellation of treasury shares (19th resolution)	Up to 10% of the share capital for a 24-month period	July 7, 2017
Authorization to the Board of Directors to allot free existing or new shares, with cancellation of the preferential subscription right of the shareholders (20th resolution)	1% of the share capital (on grant date)	July 7, 2017
Authorization to the Board of Directors to grant options to subscribe for or purchase shares, with cancellation of the preferential subscription right of the shareholders (21st resolution)	1% of the share capital (on grant date)	July 7, 2017
Delegation of authority to the Board of Directors to issue shares and/or securities entailing a capital increase reserved for members of employee savings plans, with cancellation of the preferential subscription rights of the shareholders (22nd resolution)	50 million euros[19] (nominal value)	July 7, 2017
Delegation of authority to the Board of Directors to issue shares and/or securities entailing a capital increase reserved for a category of beneficiaries as part of a transaction reserved for employees, with cancellation of the preferential subscription rights of the shareholders (23rd resolution)	50 million euros[20] (nominal value)	November 7, 2016

[18] See footnote 14.
[19] See footnote 14 and Common overall ceiling for the 22nd and the 23rd resolutions.
[20] See footnote 18.

5.9 Agreements entered into by the Company which will be amended or terminated in the event of a change of control of the Company

In the context of the contemplated merger with Holcim, the Company has identified the main agreements that may be amended or terminated in the event of a change of control of the Company, and is pursuing discussions with the relevant counterparties. The main agreements include:

- some shareholders' agreements, which provide certain rights to Lafarge's partners and/or trigger certain obligations on Lafarge in the event of a change of control of Lafarge. Lafarge has engaged discussions with the relevant partners to find adequate solutions;
- the main credit facilities of the Lafarge group, which contain early repayment clauses in case of change of control of Lafarge. Lafarge group obtained from the banks a commitment that the merger will not trigger for Lafarge the obligation to make an early repayment. Similar agreements for the group subsidiaries have been obtained if necessary before the completion of the merger;
- bonds issued under the EMTN program or by private placement in the United States, pursuant to which the relevant holders are entitled to ask for the repurchase of their bonds where, within 6 months of completion of the merger, the credit rating of Lafarge is downgraded by one notch by Moody's or Standard and Poor as a direct consequence of the merger. Moody's and Standard and Poor's have both announced, following the announcement of the merger project on April 7, 2014, that they consider that this project would improve the risk profile of Lafarge;
- following the closing of the Offer, LafargeHolcim may be required by law to launch tender offers for the minority shareholdings in listed subsidiaries in certain countries. At this stage, the only significant mandatory tender offer anticipated is on Sichuan Shuangma Cement Co., Ltd. in China. Analysis and discussion are still ongoing in few other jurisdictions. In some countries, the relevant laws are unclear, or exemptions might be available, and exemptions have already been obtained in certain countries. No assurance, however, can be given that any favorable clarifications or additional exemptions will be obtained;
- the pension plan in the UK, for which a Deed of Agreement was signed on December 15, 2014. This agreement maintains the current financial support to the plan for an interim period of 18 months after the completion of the merger, with no additional financial commitment to the plan. Based on this, the Trustee Board will not consider any wind-up process in relation to the merger up to the end of the interim period provided that there is no manifest change of circumstances. A final agreement on the financing of the plan will be negotiated as part of the next funding valuation based on the June 30, 2015 fund situation.

5.10 Agreements providing for indemnity to the Chief Executive Officer, to the members of the Board of Director or to employees if they resign or are dismissed without just or serious ground or if their employment ceases because of the tender offer

In compliance with the procedure on related-party agreements and commitments, the shareholders have voted on the severance compensation related to the Chief Executive Officer suspended employment contract at the combined general meeting of May 7, 2013 (Resolution 5) for the last time.

The employment agreement of the Chief Executive Officer was suspended upon his appointment to serve as a corporate officer in 2006. That agreement includes contractual severance compensation payable subject to certain conditions, including a performance condition, as described in the Article 3.4.3 J.2) of the Document de Référence.

6 REPORT OF THE INDEPENDENT EXPERT

In accordance with article 261-1 I, 2° of the AMF general regulations, the firm Accuracy, represented by Mr. Bruno Husson and Mr. Henri Philippe, was appointed as independent expert by the Board of Directors of Lafarge on February 17, 2015, in order to deliver a report on the financial conditions of the Offer.

This report, established on April 15, 2015**,** is fully reproduced below.

Accuracy

Corporate financial advisory

Independent valuation

in connection with the Public Exchange Offer
initiated by *Holcim* for *Lafarge* shares

April 2015

Transaction Support & Advisory
Forensics, Litigation & Arbitration
Valuation & Fairness Opinion
Corporate Recovery Services
Economics & Business Analysis

Independent valuation in connection with the public exchange offer initiated by *Holcim* for *Lafarge* shares[21]

Lafarge is a world leader in the manufacture and distribution of building materials (cement, aggregates and concrete). The company is listed on Euronext Paris (Compartment A) and has a market capitalisation of around €17.5 billion. *Lafarge* reported sales of €12.8 billion in 2014.

Holcim is based in Switzerland and is also a top-ranking player in its industry. The group is listed on Zurich's SIX market and has a market capitalisation of around CHF 23.8 billion. Its sales in 2014 were €19.1 billion.

On 4 April 2014, *Lafarge* and *Holcim* announced that they were in advanced discussions regarding a possible combination ("the Transaction"). On 7 April 2014, the two groups confirmed their intention to combine their businesses in a "merger of equals", creating the most advanced group in the industry, with a global footprint for all of their businesses and enhanced performance through incremental synergies. The press release announcing the planned "merger" also mentioned that (i) the friendly transaction had the unanimous approval of both Boards of Directors along with full support from the core shareholders of both companies, that (ii) the groups had agreed on a clearly defined governance arrangement for the new *Lafarge-Holcim* group and a Board of Directors composed equally of seven members chosen by *Lafarge* and seven members chosen by *Holcim*, with Wolfgang Reitzle (current Chairman of *Holcim*) as Chairman of the Board and Bruno Lafont (current CEO of *Lafarge*) as CEO, and that (iii) the transaction would be structured as a public exchange offer (the "Offer") initiated by *Holcim* (the "Offeror") for shares of *Lafarge* (the "Target") based on an exchange ratio of one *Holcim* share for one *Lafarge* share, subject to *Holcim* holding at least two-thirds of the share capital and voting rights of *Lafarge* on a fully diluted basis.

On 16 March 2015, further to a letter received from *Holcim* indicating that it would no longer be pursuing the combination under the financial and governance conditions specified above, *Lafarge* indicated that it would be prepared to renegotiate the proposed exchange ratio for the Offer.

On 20 March 2015, the two groups announced that they had reached an agreement on the revised terms of the "merger", namely a new exchange ratio set at nine *Holcim* shares for ten *Lafarge* shares (the "Exchange Ratio") and new governance arrangements for the combined group, with Wolfgang Reitzle and Bruno Lafont as Co-Chairmen of the Board, and a new CEO to be appointed in due course (upon the filing of the public offer at the latest). On 9 April 2015, Eric Olsen, currently *Lafarge* Executive Vice-President, Operations, was appointed as the future CEO of the combined group.

[21] This report is the English translation of the independent valuation report provided in French by *Accuracy*; If questions arise when comparing the two reports, the report in French will prevail in all cases.

The General Regulation of the AMF (*Autorité des Marchés Financiers* – French financial markets authority) requires companies subject to a buyout offer to appoint an independent valuation expert (general principle set out in Article 261-1 of the General Regulation): "The target company of a takeover bid shall appoint an independent appraiser if the transaction is likely to cause conflicts of interest within its Board of Directors, Supervisory Board or governing body that could impair the objectivity of the reasoned opinion mentioned in Article 231-19 or jeopardise the fair treatment of shareholders or bearers of the financial instruments targeted by the bid". In the context of the aforementioned Offer, an independent valuation expert must therefore be appointed pursuant to the following provision of Article 261-1 of the General Regulation: "The senior managers of the target company or the persons that control it, within the meaning of Article L.233-3 of the Commercial Code, have entered into an agreement with the offeror that could compromise their independence" (paragraph I - 2°).

On 17 February 2015, *Accuracy* has been contracted as an independent valuation expert by the *Lafarge* Board of Directors in this context to issue an opinion on the fairness of the Offer's financial terms and conditions.

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

The report is divided into five sections. Section one provides a brief overview of *Accuracy* and the valuation assignments performed over the last 24 months, along with a statement of independence and a description of the procedures performed for the purpose of the current assignment. Section two outlines the businesses of the two groups involved in the combination, describes the context of the Transaction and its impact when assessing the fairness of the Offer's financial terms and conditions. Section three details the valuation work performed in order to estimate the value of *Lafarge* and *Holcim* shares (the "Companies" or "Groups") in strict compliance with the multi-criteria approach recommended by the AMF in such situations. Section four sets out our comments on the elements provided to appraise the Exchange Ratio prepared by *Société Générale* and *UBS*, the banks submitting the Offer (the "Banks"), while the fifth and final section presents our conclusion as to the fairness of the Offer's financial terms and conditions for *Lafarge* shareholders.

1. Presentation of Accuracy and main procedures performed

1.1. Presentation of Accuracy

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

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

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

Fairness opinions performed by Accuracy since April 2013

Date	Target company	Bidder	Operation	Presenting bank
Nov-14	**Rocamat**	*Rocafin, Rocafin II, Rocafin III*	Takeover bid followed by a squeeze-out bid	Oddo & Cie
Dec-13	**Lafuma**	*Calida*	Reserved capital increase	Gilbert Dupont
Jul-13	**Club méditerranée**	*Axa PE, Fosun*	Takeover bid	Société générale, Natixis, Crédit Agricole
Jun-13	**Gfi Informatique**	*Infofin Participations*	Mandatory takeover bid	Natixis
Apr-13	**Oeneo**	*Andromède*	Takeover bid	Crédit du Nord, Société Générale
Apr-13	**Plantation des Terres Rouges**	*Bolloré*	Squeeze-out (Luxembourg Stock Exchange)	Mediobanca

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

1.2. Personnel involved in the assignment

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

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

Henri Philippe has over 15 years' experience in financial valuation and has been involved in all of the assignments listed above. He graduated from ESC Bordeaux, holds an MBA from *Wake*

Forest University and a PhD in Finance from *Université Paris-Dauphine*. He is also a lecturer at *HEC Group*, *Ecole Nationale des Ponts & Chaussées* and *Université de Paris-Dauphine*.

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

1.3. Statement of independence

Pursuant to paragraph II of Article 261-4 of the AMF's General Regulation (new Book VI on independent appraisals), *Accuracy* hereby certifies that there are "no known past, present or future ties between it and the parties concerned by the Offer and their advisors that could compromise its independence or impair the objectivity of its assessment when carrying out the appraisal".

1.4. Fees

Accuracy's fees for this assignment amount to €350,000 excluding VAT.

1.5. Procedures performed

1.5.1. Work plan

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

- analyse the context of the Transaction;
- meet with financial managers of *Lafarge*, solely to discuss the Transaction;
- meet with representatives of *Rothschild & Cie*, the bank advising *Lafarge*;
- carry out a historical financial analysis of both Companies, along with a sample of comparable listed companies, based on recent registration documents (*documents de référence*) or annual reports;
- analyse the forecast performance of both Companies based on consensus forecasts provided by financial analysts for the period 2015-2016;
- analyse the performance of both Companies' shares in the periods before and after the announcement of the Transaction, along with share liquidity and the extent to which the shares are covered by financial analysts;
- analyse cumulative abnormal returns on *Lafarge* and *Holcim* shares in the 15 days before the announcement of the Transaction;
- perform a critical review of the share prices of both Companies and the target prices issued by financial analysts, i.e., two references used by us as a basis for the valuation (valuation references);
- value the shares of both Companies using a multi-criteria approach including the discounted cash flows method (DCF) and the listed peers method;
- review the business plans of *Lafarge* and *Holcim* (data not taken into account for the reasons mentioned later in section 3.3);
- for both approaches, perform an in-depth review of the assets and liabilities added to or deducted from the estimated value of the businesses (enterprise value) in order to obtain the equity value;

- for the DCF method, construct an extrapolation period covering 2017-2021, focusing particularly on the methods used to calculate the terminal value and the discount rate applied;
- for the listed peers method, identify the direction and extent of the bias resulting from inevitable differences between the Company and the "comparable" companies taken as a whole and between the comparable companies within the sample itself;
- perform a critical analysis of the information about the Offer provided by the Offeror's advising banks submitting the Offer;
- prepare this independent valuation report.

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

1.5.2. Timeframe

Our assignment ran from 4 February 2015, the date on which our engagement letter was signed, to 15 April 2015, the date of signature of this report.

1.5.3. Information used

Our work was primarily based on information available to the public, namely:
- Company press releases, particularly those relating to the Transaction;
- annual reports of both groups;
- analysts' presentations of both groups;
- reports and research published by financial analysts since January 2013 on *Lafarge* and *Holcim* shares;
- market information published by the financial websites *Bloomberg*, *Capital IQ* and *Mergermarket*.

We were also provided with the following confidential information:
- a presentation of the Transaction to financial rating agencies dated 27 March 2014;
- the Combination Agreement by and between *Lafarge* and *Holcim* dated 7 July 2014 and the amendment dated 20 March 2015;
- certain financial information relating solely to the 2014 financial year (details of certain balance sheet items in particular) not usually disclosed by *Lafarge* in its registration document. This information was requested with the sole aim of having identical information to that published by *Holcim* in its 2014 annual report and in its presentations to financial analysts.

1.5.4. Limitations of our work

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

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

2. Context of the Transaction

2.1. Purpose of this independent valuation report with regard to the reasons for Accuracy's engagement

The Offer is a voluntary public exchange offer resulting from a merger process initiated jointly by the Target and the Offeror in the first quarter of 2014. *Lafarge* shareholders are free to choose whether or not to accept the Offer by deciding to tender or retain their shares.

As outlined in the introduction to this report, agreements were reached on the governance arrangements for the new group in the event the Offer is successful, and these agreements involve the Target's current senior managers and Board members. French stock market regulations require the appointment of an independent valuation expert, since the Offer is likely to cause conflicts of interest within the Target's Board of Directors that could impair the objectivity of the reasoned opinion that the directors must give on the merits of the Offer, or jeopardise the fair treatment of shareholders.

Regarding a potential conflict of interest, we reviewed the Combination Agreement by and between *Lafarge* and *Holcim* dated 7 July 2014 as well as the amendment dated 20 March 2015 and we did not identify any elements that could jeopardise the equal treatment of all *Lafarge* shareholders. Moreover, we were provided with a letter of representation from *Lafarge* management confirming that no agreements existed between *Lafarge* and the Offeror other than those mentioned above[22].

This independent valuation report therefore has two main objectives: (i) primarily, to issue a fairness opinion on the financial terms and conditions of the Offer and in particular, on the Exchange Ratio, and (ii) incidentally, to assist *Lafarge* directors in considering the merits of the Offer for the Company's shareholders from a strictly financial perspective.

In our opinion, the fairness of the Exchange Ratio proposed in the Offer can be determined using the following two criteria: (i) the exchange ratio should reflect the value of the assets and the growth outlook of the two parties to the Transaction; and (ii) the ratio should represent a "fair allocation" of the value expected to be created by the combination (i.e., the value of any synergies) among the shareholders of both groups.

Regarding the second criterion, to explain what we mean by "fair allocation", the economic and strategic context of the combination and particularly the source of the expected synergies should be analysed in order to determine the balance of power between the two stakeholders.

In the present case, because of the characteristics of the cement business, most of the synergies expected to be derived from the combination do not result from economies of scale. As indicated by *Lafarge* management at the time the Transaction was announced, the combination is expected to generate two types of synergies.

[22] We also reviewed the commitments to tender by two shareholders of *Lafarge*, Mr. Nassef Onsi Sawiris and *NNS Holding Sarl* on the one hand, and *Groupe Bruxelles Lambert* on the other hand, who hold, directly or indirectly, 40 064 682 and 60 308 408 shares respectively. We did not identify in those agreements any provision that could jeopardize the fair treatment of shareholders of *Lafarge.*

- Additional sales: Since each group will make available its own portfolio of specific technical products and solutions, each will be able to offer a broader range in its trading segment, and this should lead to increased sales volumes.
- Cost savings: The combination will enable the groups to make significant savings on general expenses, both head office costs and overheads relating to regional head offices based in countries where both groups are present. Cost savings are also expected at the level of purchases, logistics and maintenance expenditure.

Due to the nature of the contemplated synergies, the value expected to be created by the combination cannot reasonably be attributed more to *Holcim* than to *Lafarge*. Therefore, a "fair" allocation of the synergies must result in an identical increase (in percentage terms) of the groups' respective shareholder value. Regardless of the difference in scale between the two groups, this "fair allocation" of synergies can be achieved simply by adopting an exchange ratio based on the market values of both groups before considering the impacts expected to result from the combination (market values hereafter referred to as "stand-alone values" or "Intrinsic Values"). This can be illustrated by our example below.

The managers of Company A and Company B are planning a combination by means of a public exchange offer initiated by A for B's shares. A has a market capitalisation of €6 billion for 600 million shares, representing a price of €10 per share, while B has a market capitalisation of €4 billion for 400 million shares, representing an identical price of €10 per share. The synergies expected to derive from the combination are estimated at €1 billion. Based on the above, a fair exchange ratio for the shareholders of both companies is 1.0 (i.e., one A share for every B share tendered), which reflects the stand-alone value of each company. The day after the merger of the two groups, assuming it takes place at the end of the offer period, the market capitalisation of the new AB group is €11 billion (representing the sum of the market value of each company prior to the merger plus the expected synergies) for 1 billion shares, giving a price of €11 for each AB share. Subsequently, the shareholders of A and B, which respectively hold 60% and 40% of the new AB group, will each benefit from a 10% rise in the value of their shares as a result of the transaction. However, the synergies totalling €1 billion are not shared equally between the two, but on the basis of the relative market value of each company, i.e., 60% for shareholders of A and 40% for shareholders of B.

It should be noted that in a "merger of equals" where no one party can claim for itself the value created by the synergies, no control premium can exist in theory. In a merger (public exchange offer), the shareholders of the company absorbed (target) do not sell their shares but become shareholders of the absorbing company (offeror) and automatically benefit from the value created by the transaction through the increase in the value of the shares received in exchange; accordingly, in the context of an equal balance of power between the two parties, these shareholders will obtain their fair share of the attributable synergies not through a control premium but, as illustrated above, in an exchange ratio based on the Intrinsic Value of the two companies involved in the transaction.

Based on the above, the fairness of the Exchange Ratio can therefore be assessed solely on the basis of the estimated Intrinsic Value of the two groups involved in the Transaction, without taking into account the synergies expected to derive from that Transaction (or other impacts relating to the combination such as divestments required by competition authorities). However, once the fairness of the Exchange Ratio is verified, the financial merits of the Transaction for *Lafarge* shareholders can be assessed only in light of the value that is likely to be created by the synergies.

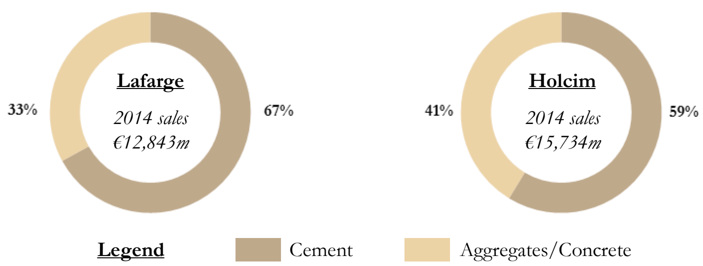
2.2. Presentation of the Companies

2.2.1. Two cement groups with similar businesses

Lafarge and *Holcim* are both global companies which specialise in the manufacture and distribution of building materials. The two groups are similar in terms of businesses, geographical reach and scale (whether assessed on sales, headcount or production capacity). *Lafarge* had 63,038 employees in 2014 and posted sales of €12,843 million. *Holcim* had 67,584 employees in 2014 and posted sales of €15,734 million (CHF 19,109 million). Both groups have fairly similar cement production capacities: 165 million tonnes[23] per year for *Lafarge* and 211 million tonnes per year for *Holcim*.

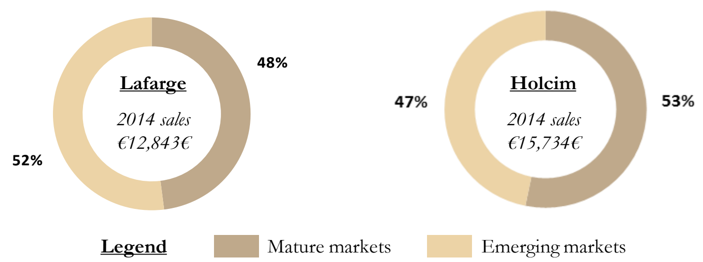
Lafarge and *Holcim* are also fairly similar in terms of their product mix, with the cement business accounting for the bulk of revenue (67% for *Lafarge* and 59% for *Holcim* in 2014). Both groups also derive revenue from the manufacture of concrete and aggregates.

- Product mix (as a % of 2014 sales) -



In terms of geographical mix, both groups present a balanced breakdown of sales between mature and emerging markets. In 2014, Europe[24], North America and Australia ("mature markets") represented 48% of consolidated sales for *Lafarge* and 53% for *Holcim*.

- Geographical mix (as a % of 2014 sales) -



However, *Lafarge* and *Holcim* are sometimes present in different countries within the mature and emerging market regions and this is in fact the main difference between the two groups.

- In mature markets, *Holcim* has a bigger presence in Europe (27% of 2014 sales versus 25% for *Lafarge*), while *Lafarge* has a stronger footprint in North America, and particularly Canada (23% of 2014 sales compared with 17% for *Holcim*).

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[23] In its registration document, *Lafarge* also indicates a production capacity of 221 million tonnes per year, which includes the full production capacity of its joint ventures. This figure is not therefore comparable with the information published by *Holcim*, which only covers its share in the production capacity of its joint ventures.

[24] The Europe region comprises Western and Eastern Europe (including Russia).

- In emerging markets, both groups have pursued different growth strategies. *Lafarge* has had an extensive presence in Africa and the Middle East (29% of 2014 sales) since its acquisition of Egyptian company *Orascom Cement* in 2008, while *Holcim* enjoys greater exposure in Asia, India and Latin America.

Overall, both groups have a similar product and geographical mix. Therefore we consider that *Lafarge* and *Holcim* have a similar operational risk profile.

2.2.2. Different profiles in terms of the return on assets

A cement maker requires a strong geographical footprint and manufacturing facilities located close to end markets. The associated business model means that industry players have (i) high capital intensity (owing to the need for many different plants covering all regions in which their end markets are located), and (ii) high operating leverage (on account of relatively high labour costs and plant depreciation charges). Owing to these characteristics, *Lafarge* and *Holcim* are what market analysts call "cyclical stocks", since their operating performance is particularly sensitive to changes in the economic climate and the resulting changes in business levels. The return on operating assets in both groups (as measured by Return on Capital Employed, or ROCE[25]) is therefore fairly volatile. Unsurprisingly given the financial crisis, in recent years the groups have been near break-even (i.e., the cost of capital).

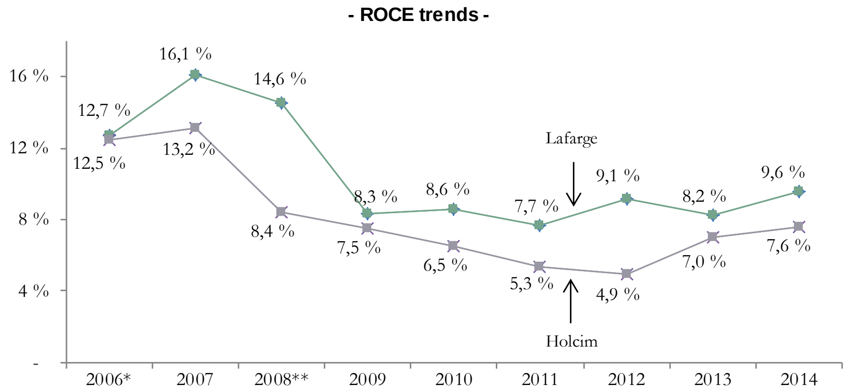
Lafarge and *Holcim* were hard hit by the slowdown in the construction market triggered by the financial crisis. Between 2007 and 2009, *Lafarge* reported a decrease of 7.8 percentage points in ROCE, while *Holcim* saw ROCE decline 5.7 percentage points. Both groups subsequently launched large-scale measures to improve the return on assets. Based on an analysis of both companies' returns on assets over the last few years, we can see a turnaround starting in 2011 and 2012. The return on assets of both groups has improved under the combined impact of growth in emerging markets and the economic recovery in North America, and this improvement continues thanks to the measures put in place by both groups to improve operating efficiency (2012-2015 cost reduction and innovation plan at *Lafarge* and the "*Holcim Leadership Journey*" launched by *Holcim* in 2012). These initiatives have led to an increase in ROCE over the past two years. In 2014, *Lafarge* and *Holcim* reported ROCE of 9.6% and 7.6%, respectively.

The difference in the groups' profit margins in 2014 (profitability 2.0 points higher for *Lafarge* than for *Holcim*) is also apparent over the historical period. From a strictly financial point of view, this results automatically from both a higher turnover of capital employed and a better post-tax EBIT margin. From an operating standpoint, the difference is attributable to a more favourable geographical mix for *Lafarge*, which has an extensive presence in Africa and the Middle East (29% of 2014 sales) where margins are structurally higher than in other regions. The recurring EBIT margin[26] was 21% for the Africa and Middle East region, compared with 14% in all other Group regions. This profitability profile is not abnormal since *Holcim* also reported a high EBIT margin (28%) in the same region, although this region accounted for only 4% of its 2014 sales. *Holcim* reported an overall EBIT margin of 12% for all of its regions in 2014, reflecting its significant presence in Asia (36% of 2014

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

[26] *Lafarge's* recurring EBIT margin is calculated after adding back restructuring costs in order to ensure a meaningful comparison with *Holcim*.

sales) where EBIT margins are fairly small compared with those observed in emerging markets.



(*) Holcim's ROCE adjusted from the estimated impact of acquisitions in India, UK and the USA which occurred in 2006
(**) Lafarge's ROCE adjusted from the estimated impact of Orascom acquisition which occurred in 2008

2.3. Historical analysis of the *Lafarge* share

2.3.1. Share liquidity

Lafarge is listed on the *NYSE Euronext Paris* market (Compartment A). The company's market capitalisation was around €15.7 billion in the first quarter of 2014, making *Lafarge* one of France's 40 biggest listed companies. The *Lafarge* share is also part of France's benchmark CAC 40 index. The defining characteristics of *Lafarge's* ownership structure are the presence of three main shareholders: *Groupe Bruxelles Lambert* (21.1% shareholding), *NNS Holding Srl* (13.9%) and *Dodge & Cox* (7.3%) and the large proportion of free float (58%). The large free float provides the share with a high level of liquidity: over the 12 months preceding the date on which the Transaction was announced, trading in *Lafarge* shares represented 67% of its capital.

Lafarge - Liquidity analysis

	Average share price in €	Average daily volumes		Cumulative volumes			
		Number of shares	As a % of share capital	Number of shares	As a % of share capital	As a % of free float	In €m
03/04/2014	58.85	1,070,565	0.4 %	1,070,565	0.4 %	0.6 %	63.0
Last week	57.85	994,046	0.3 %	4,970,230	1.7 %	3.0 %	287.5
Last month	55.38	779,530	0.3 %	17,242,913	6.0 %	10.3 %	954.9
Last 3 months	54.45	783,816	0.3 %	49,308,210	17.2 %	29.6 %	2,684.9
Last 6 months	53.12	712,466	0.2 %	88,610,602	30.9 %	53.2 %	4,707.3
Last 12 months	51.10	758,071	0.3 %	191,322,340	66.6 %	114.8 %	9,777.5

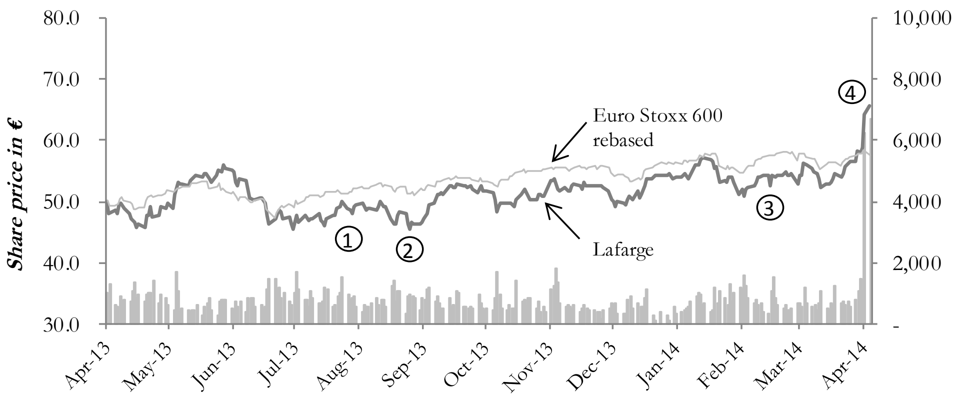
Note: Average share price computed on the basis of daily closing prices
Source: Bloomberg

2.3.2. Share price trends one year before the Transaction was announced

In the period from 4 April 2013 to 3 April 2014 (the day before the Transaction was announced), the *Lafarge* share rose from €50.1 to €58.9, representing a 17.4% increase, i.e., slightly outperforming the 15.6% rise in its benchmark index (Euro Stoxx 600) over the same period. As will be seen below in section 2.5, this outperformance is essentially attributable to share price gains in the last few trading days before the Transaction was announced. As illustrated by the graph below, there were no major events in this period (excluding these few days before the

Transaction was announced) likely to have a significant impact on the *Lafarge* share price, and the share traded within a fairly narrow band of between €45.5 and €57.3 in the period from 3 April 2013 to 21 March 2014.

- Lafarge - Share price trends from April 2013 to April 2014 -



<u>Legend</u>

1 - 26 July 2013: release of H1 2013 results

2 - 26 August 2013: Lafarge annouced the disposal of its plaster branch in North America

3 - 19 February 2014: release of FY 2013 results: slight decrease of sales (-3,9%) in the context of adverse economic conditions, the group reaffirms its aim to reduce indebtedness and to implement a cost cutting plan

4 - 4 April 2014: annoucement of discussions between Lafarge and Holcim
7 April 2014: annoucement of the merger between Lafarge and Holcim

2.4. Historical analysis of the *Holcim share*

Holcim is listed in Swiss francs on Zurich's *SIX* market. However, in order to provide a meaningful comparison with the *Lafarge* share price, our analysis of the *Holcim* share price is presented in euros (the share was converted daily at the spot CHF/EUR exchange rate). In theory, this approach enables us to avoid any distortion linked to currency fluctuations.

2.4.1. Share liquidity

In the first quarter of 2014, the *Holcim* group had a market capitalisation of around CHF 22.8 billion and was included on Switzerland's benchmark SMI index. *Holcim* has three major shareholders: Thomas Schmidheiny (20.11% shareholding), *Eurocement Holding AG* (10.82%) and *Harris Associates L.P.* (6.38%). As with *Lafarge*, the free float is also significant (64%). As a result, share liquidity is good, with trading in *Holcim* shares representing 68% of its capital over the 12 months preceding the date on which the Transaction was announced.

Holcim - Liquidity analysis

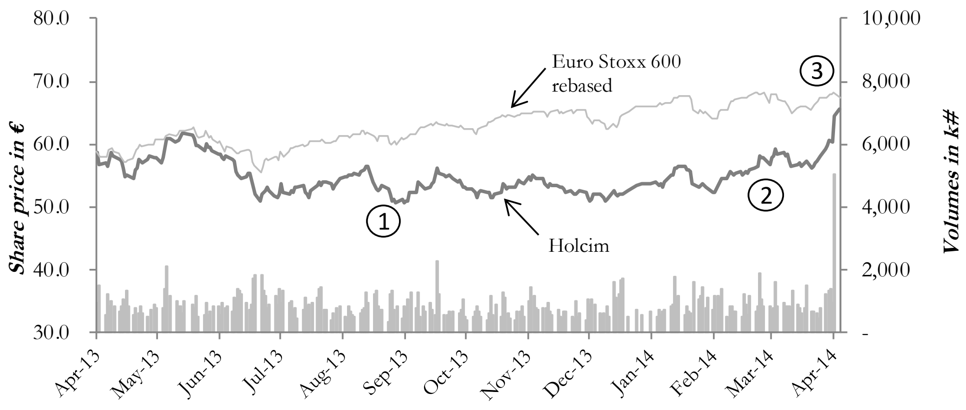
	Average share price in €	Average daily volumes: Number of shares	Average daily volumes: As a % of share capital	Cumulative volumes: Number of shares	Cumulative volumes: As a % of share capital	Cumulative volumes: As a % of free float	In €m
03/04/2014	60.38	970,898	0.3 %	970,898	0.3 %	0.5 %	58.6
Last week	59.74	1,138,554	0.3 %	5,692,771	1.7 %	2.7 %	340.1
Last month	58.12	933,255	0.3 %	21,464,858	6.6 %	10.3 %	1,247.5
Last 3 months	56.11	931,165	0.3 %	59,594,564	18.3 %	28.7 %	3,344.0
Last 6 months	54.65	855,633	0.3 %	106,098,488	32.6 %	51.1 %	5,798.1
Last 12 months	54.90	881,543	0.3 %	221,267,319	68.0 %	106.5 %	12,148.3

Note: Average share price computed on the basis of daily closing prices (forex conversion based on daily CHF/EUR rate)
Source: Bloomberg

2.4.2. Share price trends one year before the Transaction was announced

In the period from 4 April 2013 to 3 April 2014 (the day before the Transaction was announced), the *Holcim* share rose from €58.8 to €60.4, representing a 2.7% increase, i.e., significantly underperforming the 15.6% rise in its benchmark index (Euro Stoxx 600) over the same period. *Holcim's* underperformance is even more significant if we exclude the large gains recorded in the last few days before the Transaction was announced (see section 2.5 below). There were no major events in this period (excluding these few days before the Transaction was announced) likely to have a significant impact on the *Holcim* share price, and the share traded within a fairly narrow band of between €50.5 and €61.8 in the period.

- Holcim - Share price trends from April 2013 to April 2014 -



Legend

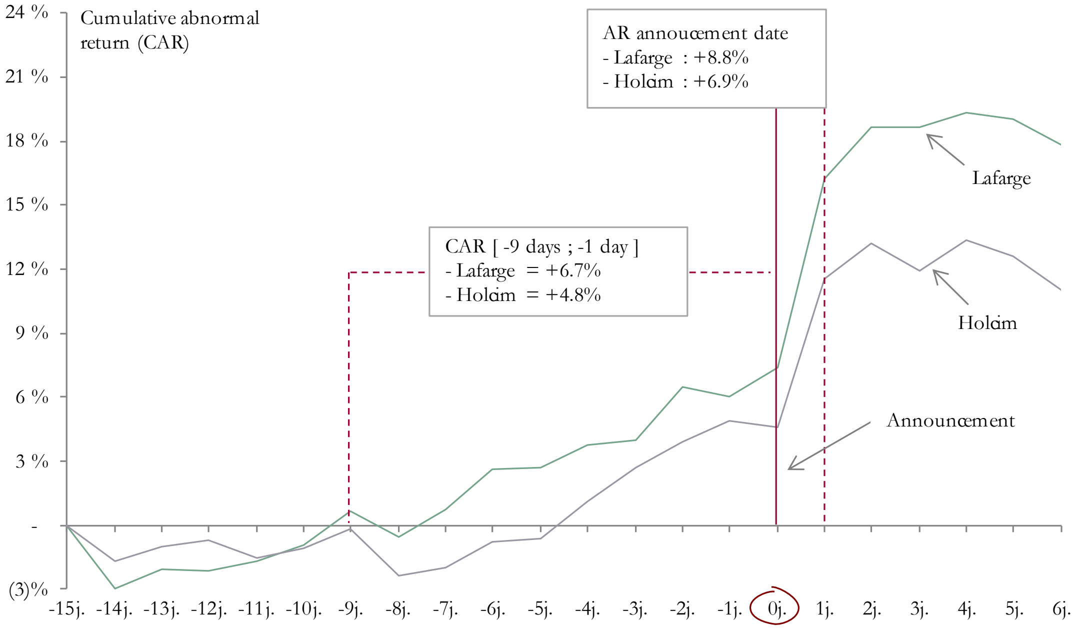
1 - 15 August 2013: release of H1 2013 results
2 - 26 February 2014: release of FY 2013 results
3 - 4 April 2014: annoucement of discussions between Lafarge and Holcim
7 April 2014: annoucement of the merger between Lafarge and Holcim

2.5. Analysis of abnormal returns on *Lafarge* and *Holcim* shares before the Transaction was announced

For the reasons outlined above in section 2.1, it is necessary to estimate the Intrinsic Value of both groups in order to determine whether the Offer's financial terms and conditions are fair. In theory, the basis for the estimated Intrinsic Value is the share price on the day before the Transaction was announced. However, we need to verify whether the share price did not already factor in some of the effects of the Transaction due to rumours of a possible merger that may have circulated before this date.

We can do this by using an "event study" approach. An event study is widely used in academic financial research to assess the impact of an event on the market value of the company concerned. The approach involves calculating "abnormal returns" on the share of the company in question over a period preceding the date on which the event is announced. Specifically, for each day of trading during the selected period, the abnormal return is calculated as the difference between the return observed on the day reviewed and the return that would normally have been obtained had no such event occurred ("normal return").

- Lafarge and Holcim abnormal share return around the annoucement date -



Source: Bloomberg (conversion of Holcim share price based on daily EUR/CHF rate)

In the case at hand, the normal return on *Lafarge* and *Holcim* shares was defined as the average daily return observed over the two-year period before the Transaction was announced, excluding the 15 days preceding the date of the announcement[27]. On this basis, in the 15 trading days before the announcement (i.e., between 14 March 2014 and 3 April

[27] Another basis typically used to calculate normal returns is the market model and hence the beta coefficients for the shares concerned. We verified that the use of this alternative basis did not lead to significantly different results.

2014), we can observe a cumulative abnormal return (CAR) of 7.4% on the *Lafarge* share and of 4.6% on the *Holcim* share.

As shown in the graph above, virtually all of the excess returns were recorded in the nine trading days before the Transaction was announced. As a result, we considered that the share prices observed over this nine-day period (i.e., between 24 March and 3 April 2014) did not represent an appropriate basis for determining the Intrinsic Value of each group, starting with the share prices recorded on 3 April 2014, the day before the announcement.

3. *Lafarge* and *Holcim* share valuation

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

3.1. Available valuation references

3.1.1. Consolidated net book assets

In the present case, the net book assets of both *Lafarge* and *Holcim* cannot be considered a pertinent basis for determining the Intrinsic Value of the groups' equity since they do not include goodwill generated internally through growth and returns on the business portfolio, or any capital gains that may be generated on the sale of assets not directly needed for operations (non-operating assets).

3.1.2. Recent capital transactions

We did not identify any recent material transactions involving *Lafarge* and *Holcim* shares (e.g., a capital increase or the sale of a block of shares representing more than 10% of the capital) that could be used as a pertinent basis for determining the Intrinsic Value of each group.

3.1.3. Share price

The market for *Lafarge* and *Holcim* shares can be considered as a well-functioning, efficient market in all respects: significant free float, large volume of daily market trades, and regular coverage by over 25 financial analysts.

As indicated in section 2.5 above, our analysis of the abnormal returns observed a few days before the Transaction was announced led us to consider that the share prices in the nine days preceding the announcement date probably factor in some of the expected impacts of the Transaction and do not therefore constitute a pertinent basis for determining the Intrinsic Value of each group. Specifically, as a reference for determining the Intrinsic Value of each group, we used the average share price observed over the 15 days preceding 21 March 2014, the date on which we consider that the price of the *Lafarge* and *Holcim* shares begin to factor in some of the expected impacts of the Transaction. In adopting an average share price (instead of a spot price), we can smooth one-off fluctuations. We also chose a limited 15-day period so that we could include the most recent information on the intrinsic value of the businesses of both groups and in particular, information released during the 2013 results publications (19 February for *Lafarge* and 26 February for *Holcim*).

Over this 15-day period, the average share price was €54.1 for *Lafarge* and €57.6 for *Holcim*. We believe that these share prices are a pertinent basis for determining the Intrinsic Value of the two groups. **Based on the above, the *Lafarge/Holcim* exchange ratio comes out at 0.94.**

By definition, these two valuation references do not include the impact of events arising after the Transaction was announced, which are unrelated to the Transaction but nevertheless likely to impact the Intrinsic Value of both groups. We nevertheless consider this to be a pertinent basis for the valuation since both groups are sensitive to the same medium- and long-term macro-economic factors.

3.1.4. Target prices issued by financial analysts

We drew up a sample of 21 reports published by brokers that regularly cover the *Lafarge* and *Holcim* shares. For the same reasons as those outlined above for the share price, the reports used pre-date the announcement of the Transaction but post-date the publication of 2013 annual results[28].

Lafarge - Recommendations and target prices before the annoucement of the Transaction

Brokers	Date	Nature of recommendation	Share price on day before publication (€)	Target price (€)	Upside/ (downside)
Broker 1	3-Apr-14	Buy	58,0	62,4	7,6 %
Broker 2	2-Apr-14	Sell	58,2	58,0	(0,3)%
Broker 3	2-Apr-14	Buy	58,2	67,0	15,1 %
Broker 4	28-Mar-14	Neutral	55,9	48,0	(14,1)%
Broker 5	25-Mar-14	Buy	53,9	66,0	22,4 %
Broker 6	24-Mar-14	Neutral	54,5	52,0	(4,6)%
Broker 7	21-Mar-14	Neutral	53,6	56,0	4,5 %
Broker 8	21-Mar-14	Buy	53,6	60,0	11,9 %
Broker 9	14-Mar-14	Neutral	53,8	52,0	(3,3)%
Broker 10	12-Mar-14	Buy	55,0	70,0	27,3 %
Broker 11	19-Mar-14	Buy	52,9	68,0	28,5 %
Broker 12	14-Mar-14	Sell	53,8	48,0	(10,8)%
Broker 13	13-Mar-14	Buy	54,6	67,0	22,7 %
Broker 14	4-Mar-14	Buy	54,2	63,0	16,2 %
Broker 15	21-Feb-14	Sell	54,0	46,6	(13,7)%
Broker 16	19-Feb-14	Buy	52,6	60,0	14,1 %
Broker 17	19-Feb-14	Buy	52,6	60,0	14,1 %
Broker 18	19-Feb-14	Sell	52,6	40,0	(24,0)%
Broker 19	19-Feb-14	Buy	52,6	60,0	14,1 %
Broker 20	19-Feb-14	Buy	52,6	66,0	25,5 %
Broker 21	19-Feb-14	Buy	52,6	60,0	14,1 %
Average				**58,6**	
Median				**60,0**	
Standard deviation				*13,9 %*	

An analysis of both the nature of the recommendation and the target prices relative to the share price at the publication date reflects the analysts' confidence in the results of their valuations. Based on our analysis of the target prices for the *Lafarge* share, we identified no major inconsistencies between the recommendation and the potential upside (downside), with the exception of broker 4, which issues a "Neutral" recommendation despite a 14% downside. This also applies to the target prices for the *Holcim* share, with the exception of the recommendations issued by brokers 15 and 17. Overall, this confirms the pertinence of brokers' target prices as a basis for the valuation.

[28] An exception was made regarding *Holcim* for the target price published by broker 13 in a report dated 22 January 2014 (the target price was not revised until the date the Transaction was announced).

Holcim - Recommendations and target prices before the annoucement of the Transaction

Brokers	Date	Nature of recommendation	Share price on day before publication (€)	Target price (€)	Upside/ (downside)
Broker 1	3-Apr-14	Buy	60,4	66,6	10,3 %
Broker 20	3-Apr-14	Buy	60,4	64,6	6,9 %
Broker 2	2-Apr-14	Neutral	59,8	63,9	6,8 %
Broker 16	31-Mar-14	Buy	58,3	69,0	18,3 %
Broker 15	28-Mar-14	Neutral	57,2	49,7	(13,1)%
Broker 4	28-Mar-14	Neutral	57,2	60,7	6,2 %
Broker 8	21-Mar-14	Neutral	56,8	53,4	(6,1)%
Broker 17	14-Mar-14	Neutral	57,3	50,3	(12,3)%
Broker 9	14-Mar-14	Neutral	57,3	56,9	(0,8)%
Broker 12	14-Mar-14	Neutral	57,3	53,6	(6,6)%
Broker 14	12-Mar-14	Buy	58,3	65,8	12,9 %
Broker 6	7-Mar-14	Neutral	59,2	59,9	1,2 %
Broker 10	5-Mar-14	Neutral	57,7	57,4	(0,4)%
Broker 18	28-Feb-14	Neutral	57,9	59,3	2,4 %
Broker 7	27-Feb-14	Buy	58,1	67,3	15,8 %
Broker 19	27-Feb-14	Buy	58,1	65,7	13,0 %
Broker 5	26-Feb-14	Buy	56,5	64,8	14,7 %
Broker 3	26-Feb-14	Neutral	56,5	55,8	(1,3)%
Broker 11	26-Feb-14	Neutral	56,5	58,2	3,1 %
Broker 21	26-Feb-14	Buy	56,5	67,2	19,1 %
Broker 13	22-Jan-14	Neutral	56,5	59,8	5,8 %
Average				**60,5**	
Median				**59,9**	
Standard deviation				*9,6 %*	

Note: Target prices converted into euros on the basis of EUR/CHF exchange rate at the date of the brokers' report

In order to cancel out the (fairly minor) deviation of the target prices observed in the two samples, we will use the median rather than the average, giving a median target price of €60.0 for *Lafarge* and €59.9 for *Holcim*. **On this basis, the *Lafarge/Holcim* exchange ratio comes out at 1.00.**

As above for share prices, we consider that these two valuation references represent a pertinent basis for the valuation even though they inevitably fail to take into account the impact of events arising after the announcement which are unrelated to the Transaction but likely to influence the Intrinsic Value of both groups.

3.2. Valuation methods used

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

We adopted a three-step valuation approach which involved estimating (i) the value of the *Lafarge* and *Holcim* businesses (enterprise value), (ii) the value of net financial debt and other non-operating assets and liabilities, and (iii) the value of equity, determined as the difference between amounts (i) and (ii).

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

The methods selected (or at least considered) to value the businesses of *Lafarge* and *Holcim* are the three methods typically used in a multi-criteria approach: the Discounted Cash Flows method (DCF) and multiple valuation methods based on listed peers or comparable transaction samples.

3.2.2. Items taken into account in order to determine the equity value from the enterprise value

In implementing the two methods selected, we considered the various items needed to determine the equity value from the enterprise value at two different dates.

The DCF method is based on forecasts drawn up on a stand-alone basis and on the consolidated financial statements for the latest financial year. DCF results in an estimated value for *Lafarge* and *Holcim* shares at 31 December 2014. The listed peers method is based on the market capitalisations of profitability indicators before the Transaction was announced (so as to avoid any potential distortion linked to the announcement) and subsequently, on the most recent pre-announcement consolidated financial statements. The listed peers method results in an estimated value for *Lafarge* and *Holcim* shares at 31 December 2013. The information used to determine the equity value from the enterprise value was therefore analysed at two dates: 31 December 2014 for the DCF method and 31 December 2013 for the listed peers method.

<u>Net financial debt</u>

The market value of *Lafarge's* net financial debt was €10,699 million at 31 December 2014 (€11,506 million at 31 December 2013). Net financial debt chiefly comprises bonds (€11,221 million at end-2014) with a market value (as disclosed by *Lafarge* in its registration document) higher than book value due to the lower interest rates observed over the past few years.

The market value of *Holcim's* net financial debt was CHF 10,651 million at 31 December 2014 (CHF 9,877 million at 31 December 2013). It also mainly comprises bonds (the market value of which is disclosed by *Holcim* in its annual report).

<u>Non-controlling (minority) interests</u>

Given the significance of non-controlling interests for both *Lafarge* and *Holcim*, even a rough estimate of the market value should be preferred to the book value recorded in the consolidated balance sheet.

Certain investments that are fully consolidated but not fully owned by *Lafarge* and *Holcim* are listed. In this case, to obtain an estimate at end-2014 that is not distorted by the announcement of the Transaction, we determined a Price-to-Book (PBR) ratio based on the market capitalisation of the company concerned at 21 March 2014[29]. This was then applied to the book value of non-controlling interests at 31 December 2014.

For unlisted investments, the market value of non-controlling interests at end-2013 (end-2014) was estimated by multiplying the book values at end-2013 (end-2014) by a pre-announcement PBR calculated at 21 March 2014. A PBR of 3.6x was used for companies based in emerging markets (average PBR observed for a sample of cement groups in these countries) and 1.2x for

[29] The pre-announcement PBR was calculated as the market capitalisation of the company concerned at 21 March 2014 expressed as a percentage of its net book assets at 31 December 2013.

companies based in mature markets (average PBR of the *Lafarge*, *Holcim*, *Heidelberg Cement* and *Cemex* groups at 21 March 2014).

The estimated market value of non-controlling interests at 31 December 2014 is €5,899 million for *Lafarge* (€6,269 million at 31 December 2013) and CHF 8,339 million for *Holcim* (CHF 7,691 million at 31 December 2013).

Pension provisions

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

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

Before the tax impact, *Lafarge* recognised a pension provision of €1,398 million in its balance sheet at 31 December 2014 (€1,357 million at 31 December 2013). *Holcim* recognised a pension provision of CHF 855 million at 31 December 2014 (CHF 651 million at 31 December 2013).

Investments in associates and joint ventures

The enterprise values estimated below only factor in the future economic benefits to be generated by fully consolidated legal entities. Consequently, the value of investments in associates and joint ventures should be added to these enterprise values. As described above for non-controlling interests, the market value of these investments was determined using the listed peers method based on a pre-announcement PBR.

The market value of associates at 31 December 2014 was estimated at €6,079 million for *Lafarge* (€2,316 million at 31 December 2013) and CHF 4,323 million for *Holcim* (CHF 3,835 million at 31 December 2013).

The sharp increase in the value of this item for *Lafarge* between 2013 and 2014 results from changes in accounting method. Lafarge applied IFRS 11 in accounting for its joint ventures in 2014 rather than 2013 as in *Holcim's* case. In 2013, joint ventures were proportionately consolidated and their value was therefore included in the enterprise value of *Lafarge*. However, as from 2014, joint ventures must be accounted for by the equity method and their estimated market value taken into account separately within non-operating assets.

Tax savings arising on tax loss carryforwards

Potential tax savings recognised in the consolidated balance sheet of both groups correspond only to tax losses which management deems are likely to be recovered in the short or medium term. In the absence of additional information, these are the amounts taken into account in the valuation of *Lafarge* and *Holcim*.

At 31 December 2014, the tax loss carryforwards that can be utilised in the short and medium term represent €1,059 million for *Lafarge* (€888 million at 31 December 2013) and CHF 913 million for *Holcim* (CHF 835 million at 31 December 2013).

Cash received on the exercise of stock options

Cash received on the exercise of stock options "in-the-money" at 21 March 2014 was taken into account in the valuation, representing €94 million for *Lafarge* and CHF 37 million for *Holcim*.

Other non-operating assets and liabilities

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

At 31 December 2014, provisions for contingencies and litigation amounted to €355 million for *Lafarge* (€387 million at 31 December 2013) and CHF 520 million for *Holcim* (CHF 516 million at 31 December 2013). In theory, the cash outflows associated with these provisions are not taken into account in financial analysts' forecasts and the provisions (net of their tax effect) were therefore included in non-operating liabilities.

Other non-current financial assets primarily include long-term loans and receivables, amounting to €490 million for *Lafarge* at 31 December 2014 (€322 million at 31 December 2013) and CHF 327 million for *Holcim* at the same date (CHF 314 million at 31 December 2013).

Assets held for sale chiefly concern *Holcim*, which recognised CHF 365 million in this caption at 31 December 2014 in connection with several ongoing transactions with the *Cemex* group involving the sale of assets in Europe.

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

We adjusted all of the items outlined above to take account of the sudden sharp appreciation of the Swiss franc (functional currency for *Holci*m) against the euro (functional currency for *Lafarge*) in January 2015. These adjustments were designed to ensure consistency between the items estimated at 31 December 2014 prior to the appreciation of the Swiss franc and the enterprise value of *Holcim* under the DCF method, which factors in the hike in the Swiss currency (to the extent that it is based on financial analysts' forecasts drawn up after the appreciation).

Summary

The table below summarises the aforementioned items taken into account in order to determine the equity value from the enterprise value at 31 December 2013 and 31 December 2014.

Net financial debt and other non-operating liabilities (assets)

	31/12/2014		31/12/2013	
	Lafarge (€m)	**Holcim (CHFm)**	Lafarge (€m)	Holcim (CHFm)
Net financial debt	10,699	10,651	11,506	9,877
+ Non-controlling interests	5,899	8,339	6,269	7,691
+ Pension provisions, net of tax impact	959	599	964	456
- Investments in associates and joint-ventures	6,079	4,323	2,316	3,835
- Tax losses carryforward	1,059	913	888	835
- Cash received on exercise of stock-options	94	37	94	37
+ Other non-operating liabilities (assets)	(242)	(328)	(51)	(623)
+ Adjustment related to recent forex trends (CHF/EUR)	n.a.	(100)	n.a.	n.a.
= Net financial debt and other non-operating liabilities (assets)	**10,084**	**13,887**	15,389	12,693

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

The table below shows how we determined the number of shares to be taken into account to estimate the unit value of shares. To avoid distorting the comparability of valuation methods based on pre-announcement inputs with those based on post-announcement inputs, the diluted number of shares used is the same in both cases.

The number of shares is calculated on the basis of the total number of shares issued less any treasury shares held at 31 December 2014. We also considered the potentially dilutive impact of:

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

Lafarge and Holcim diluted number of shares

	Lafarge	**Holcim**
Issued shares	287,541,684	327,086,376
- Treasury shares	70,538	1,219,339
= Outstanding shares	**287,471,146**	**325,867,037**
In the money *stock-options* (*)	2,290,842	637,515
Performance shares	1,448,784	-
+ Potential dilution	**3,739,626**	**637,515**
= Diluted number of shares	**291,210,772**	**326,504,552**

(*) Reference share price is the 15-day average share price before 21 March 2014

3.3. DCF method

During our assignment, we received the "business plans" which the management of the *Lafarge* and *Holcim* groups had exchanged in March 2015. These business plans were drawn up after the Transaction had been announced (in November 2014 for *Holcim* and February 2015 for *Lafarge*) and cover the period 2015-2017. We understand that this information was exchanged in the context of the financial due diligence carried out by the two groups.

However, for the purposes of this independent valuation report we decided not to take this insider information into account when applying the DCF and listed peers method (see section 3.4 below). There were two reasons for this:

- We note that both business plans were drawn up well after the Transaction was announced, at the time the senior managers of both groups were finalising the terms and conditions of the merger; accordingly, we cannot rule out the assumption that the figures contained in these business plans may be overstated (albeit by an unspecified amount).
- We are unable to work with *Holcim's* business plan in its current form, since it was drawn up in Swiss francs before the sharp appreciation of the currency (particularly against the euro) in January 2015. The plan therefore needs to be formally reconstructed for each of its geographic components. This meticulous work cannot be performed by a third party.

For both these reasons, we chose to base the forecast financial information needed for the DCF and listed peers method only on reports and research produced by financial analysts.

3.3.1. Estimating annual cash flow

Period covered by consensus forecasts (2015-2016)

For the reasons indicated above, we applied a "market DCF" method using 2015-2016 consensus forecasts (consensus formed by ten financial brokers).

We selected the ten brokers based on the following criteria:

- We only selected brokers regularly covering both groups.
- We only used sufficiently detailed broker reports, i.e., those that included at least sales, EBITA, EBIT and investment expenditure forecasts for 2015 and 2016.
- We ensured that the analysts' forecasts for each of the two groups were made on a stand-alone basis.

For each of these ten brokers, we took into account the most recent forecasts available at the date of our work. Most forecasts post-dated the groups' 2014 annual results publications (19 February 2015 for *Lafarge* and 23 February 2015 for *Holcim*)[30].

According to the analysts, in 2015 emerging market growth should continue (mainly in Asia and in Africa and the Middle East), and the US recovery should gather momentum. Their forecasts for Europe are more cautious, with a recovery expected only from 2016. In terms of sales, the analysts expect 7.0% sales growth for *Lafarge* and a 0.3% contraction in sales for *Holcim*. The sales decline for Holcim is not representative of the economic performance due to the sharp rise in the Swiss franc, which means that the 2015 forecasts (drawn up based on the new exchange rate) are not comparable with historical 2014 data (drawn up using the previous exchange rate). However, forecast sales growth is similar for both groups in 2016 (around 7.0%).

[30] Three analysts' reports pre-date the publication of *Lafarge's* 2014 annual results (two pre-date the publication of *Holcim's* annual results).

In terms of EBITDA margins, analysts expect an improvement of around 2.0 percentage points for both groups, due mainly to: (i) operating leverage resulting from sales growth (significant owing to the relative importance of overhead costs), (ii) the full benefits of the cost cutting plans rolled out by both groups in 2012.

The analysts' forecasts for 2015 and 2016 therefore confirm the trends observed over the historical period: a gradual return to growth after several challenging years following the 2008 financial crisis, and improved profitability (up around 2.0 percentage points) for *Lafarge* thanks to a favourable geographic mix.

2017-2021 extrapolation period

At the end of the consensus forecast period, we consider that the normative profitability of the two groups is insufficient to be used as a basis to calculate terminal value. Both *Lafarge* and *Holcim* were hard hit by the crisis, and analysts expect their profitability for 2016 to still be significantly below pre-crisis levels.
We therefore constructed an extrapolation period converging the ROCE of both groups towards a normative level representative of a return on assets that is sustainable over the long term.

We considered the following two scenarios:
- a scenario in which, five years after the end of the consensus forecast period, ROCE for both groups is comparable to pre-crisis levels;
- a "low-growth" scenario in which, five years after the end of the consensus forecast period, ROCE for both groups is back to its mid-cycle level.

In both cases, we modelled a level of sales growth which converges from the estimated rate for 2016 towards the perpetuity growth rate of 1.5% taken into account as from 2021 (see section 3.3.2 below).

3.3.2. Calculating a terminal value

The terminal value for both groups at the end of the explicit forecast period (i.e., end-2021) was calculated based on the commonly-used method of discounting a normative cash flow over an unspecified period based on the normative levels of return on assets mentioned above and a perpetuity growth rate of 1.5%. This rate approximates the expected long-term rate of inflation and is consistent with the implicit components of the risk-free rate taken into account in determining the discount rate (see section 3.3.3 below).

3.3.3. Calculating a discount rate

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

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

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

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

- Risk-free rate: Yields on Eurozone government bonds are affected in very different ways by the current financial market environment: they fell sharply in countries considered as presenting no or low credit risk (chiefly Germany, Switzerland and France) and increased in countries affected by the sovereign debt crisis. Due to the resulting unusual volatility in government bond yields, calculating a risk-free rate is more difficult. In this context, the best risk-free rate reference in the eurozone is the rate paid by an AAA-rated European group to borrow at 10 years. In the absence of this type of reference, we used a risk-free rate of 3.5% in our normative approach. This rate factors in a real long-term interest rate (excluding inflation) of 2.0% and an expected long-term inflation rate of 1.5%. It should be recalled that the EUR and CHF cash flows of both groups are the result of converting cash flows denominated in many different currencies. Since this is a normative rate, we do not need to consider a different risk-free rate for each group.
- Unlevered beta: The beta coefficient of a given business is generally estimated using a peer group approach based on beta coefficients for shares of comparable listed companies. These are obtained by a linear regression of share returns on market index returns. Specifically, beta coefficients for shares of comparable companies are estimated over a long period (four and five years) based on monthly returns in order to reduce the statistical "noise" caused by series of observations constructed over shorter periods. Only the beta coefficients resulting from regressions where R^2 is higher than 15% are used. The beta coefficients obtained are then "deleveraged" in order to eliminate the impact of the capital structure and obtain a range of beta coefficient estimates for the underlying business.

  The quantitative analysis carried out as described above leads to a beta coefficient of 1.0, corresponding to the average unlevered beta coefficient observed over periods of four and five years for both *Lafarge* and *Holcim* and the comparable listed companies *Heidelberg Cement* and *Cemex* (see section 3.4 below for more information on how we selected the comparable listed companies).

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

It should be noted that we used the same beta coefficient for both groups since their businesses are very similar in terms of scale and product/geographical mix (see section 2.2 above).

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

Based on these inputs, a discount rate of 8.0% was used to value the businesses of the *Lafarge* and *Holcim* groups, i.e.:

Opportunity cost of capital = 3.5% + [1.0 x 4.5%] = 8.0%

3.3.4. Results of the DCF method

As shown in the table below, the values of *Lafarge* and *Holcim* shares at 31 December 2014 are within the range of estimates of between €57.4 and €70.1 for *Lafarge* and between €56.8 and €74.7 for *Holcim*. **On this basis, the *Lafarge/Holcim* exchange ratio comes out at between 0.94 and 1.01.**

Theoretical value of Lafarge and Holcim shares as at 31/12/2014

		Lafarge (€m)		Holcim (CHFm)	
		Low	High	Low	High
	Entreprise value	**26,794**	**30,483**	**33,728**	**39,991**
-	Net financial debt	10,699	10,699	10,651	10,651
-	Other non-operating liabilities (assets)	(615)	(615)	3,236	3,236
=	**Equity value**	**16,711**	**20,400**	**19,841**	**26,104**
/	Diluted number of shares (millions)	291.2	291.2	326.5	326.5
=	**Share value (in local currency)**	**57.4**	**70.1**	**60.8**	**80.0**
x	Forex rate EUR/CHF (*)	n.a	n.a	0.934	0.934
=	**Share value (in EUR)**	**57.4**	**70.1**	**56.8**	**74.7**

(*) Average forex rate from 23 February 2015 to 11 March 2015

3.4. Listed peers method

Selecting relevant multiples

To apply the listed peers method, we ruled out earnings multiples (PER) due to the distortion resulting from any differences in capital structure. Similarly, we also rejected revenue multiples due to the distortion resulting from differences in profitability. In the absence of a major difference in depreciation/amortisation policy, we preferred EBIT rather than EBITDA multiples, since the former are not distorted by differences in capital intensity resulting from the companies' industrial and commercial strategies.

We also decided only to use multiples based on inputs dating before the Transaction was announced in order to avoid taking into account any indirect impacts linked to the merger announcement. Due to the size of the transaction involving the industry's two leaders, the announced merger between *Lafarge* and *Holcim* also impacts other companies in the industry, sometimes significantly.

Selecting a sample of comparable companies

As a first step, in order to take into account the most important factor determining multiples (systemic risk), we constructed a fairly wide sample of eight cement groups theoretically comparable to *Lafarge* and *Holcim* in terms of businesses. Note that we did not use the Irish company *CRH* in this first sample since over half of the company's sales are generated by businesses not directly related to the manufacture of cement, concrete or aggregates.

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

Applying the listed peers method

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

- As numerator for the calculation of enterprise values: (i) average market capitalisation over the 15-day period preceding 21 March 2014 (see section 3.1.3 above), (ii) net financial debt and non-operating assets/liabilities (amounts at 31 December 2013, the most recent data available at the calculation date).
- As denominator for the calculation of EBIT, analyst consensus data available at 21 March 2014.

Non-operating assets and liabilities were included at market value as far as possible. As for *Holcim* and *Lafarge* (see section 3.2.2 above), the value of non-controlling interests and associates was estimated based on the market capitalisation of the companies concerned if listed or, in the case of unlisted companies, on a PBR of 1.2x for companies in mature markets and of 3.6x for those in emerging markets.

To take into account the growth and development potential of these companies, we took multiples based on forecast EBIT. Ultimately, we only used the 2015 multiple and excluded the 2016 multiple as the market consensus for this period is less reliable (at 21 March 2014, only half as many financial analysts had published forecasts for 2016).

Based on the above, the 2015 EBIT multiples for *Heidelberg Cement* and *Cemex* are 11.8x and 15.3x, respectively.

2015 EBIT multiple (pre-announcement) of comparable companies

	Heidelberg Cement (EURm)	Cemex (MXNm)
Market capitalisation (March 2014)	11,435	189,274
+ Non-controlling interests	3,455	20,756
+ Net financial debt (31 December 2013)	8,537	253,259
+ Other non-operating liabilities (assets)	(47)	(31,045)
= Entreprise value	**23,380**	**432,245**
/ EBIT 2015e *	1,976	28,258
= 2015 EBIT multiple	**11.8x**	**15.3x**

(*) Market consensus (source: CapitalIQ) adjusted from restructuring costs estimated to 0.3% of Heidelberg Cement sales and 0.5% of Cemex sales (historical levels)

We do not consider that this significant difference in multiples can be explained by a difference in risk (the main factor determining multiples), since we explained above that the *Heidelberg Cement* and *Cemex* groups were reasonably comparable from this point of view, as corroborated by the estimated unlevered beta coefficients for the two groups (1.1 and 1.0, respectively). This difference therefore appears to result from a disparity in terms of earnings growth (the second most important factor determining multiples). This is confirmed by the analysts' forecasts, which show higher 2015 and 2016 EBIT growth for *Cemex* than for *Lafarge* and *Holcim* but lower growth for *Heidelberg Cement* than that expected for *Lafarge* and *Holcim*.

Rather than considering an average multiple, we calculated two different enterprise values by applying the 2015 multiples for *Heidelberg Cement* and *Cemex* (11.8x and 15.3x, respectively) to 2015 EBIT for *Lafarge* and *Holcim* as forecast at 21 March 2014 by the same consensus as that used for the DCF method (except for two brokers which had not published any recent reports at that date).

On this basis, the value of the *Lafarge* and *Holcim* shares at 31 December 2013 is between €58.9 and €91.6 for *Lafarge* and between €65.1 and €93.4 for *Holcim*[31], representing a ***Lafarge/Holcim* exchange ratio of between 0.90 and 0.98.**

3.5. Comparable transactions method

No transaction involving global cement groups has taken place in the last few years. Most of the transactions observed concerned one-off purchases of industrial assets or trading in shares of companies based in emerging markets. Further, we do not consider the comparable transactions method to be relevant in estimating the Intrinsic Value of the *Lafarge* and *Holcim* shares, since the multiples observed for transactions in the industry often factor in a control premium, corresponding to the portion of synergies paid by the buyers to the shareholders of target companies.

Consequently, we did not apply the comparable transactions method.

[31] The wide share value range may be surprising. However, it is partly due to the fact that the already-large difference in the enterprise values resulting from the two multiples used is significantly increased by the two groups' financial leverage.

4. Analysis of the elements provided to appraise the Exchange Ratio prepared by the Banks

As part of our assignment, we analysed the elements provided to appraise the Exchange Ratio prepared by *Société Générale* and *UBS*, the banks submitting the Offer, as set out in the draft prospectus to be filed with the AMF on 11 May 2015. We set out below our comments on this analysis.

4.1. Valuation approach

The Banks adopted a multi-criteria approach and looked at two bases for the valuation (valuation references): (i) share prices and (ii) target prices issued by financial analysts. The Banks used estimates resulting from two valuation methods: (i) the listed peers method and (ii) the DCF method. The valuation approach adopted by the Bank therefore appears to have been very similar to our own. However, a closer looks reveals two important differences.

First, we placed greater emphasis on the estimates obtained under the DCF method than those obtained using the listed peers method. The reasons for this are primarily the difficulties typically encountered in constructing a representative sample of listed comparable companies (peer group). In contrast, the Banks favoured the listed peers method which was used as the "primary" method over the DCF method (used "for information purposes only").

Secondly, we consider that in the present case, the fairness of the Exchange Ratio should be assessed in light of the exchange ratios based on the Intrinsic Values of both groups, thereby excluding any exchange ratios based on post-announcement market inputs. The Banks' position in this respect is not clear-cut: while they recognise that the *Lafarge* and *Holcim* share prices are no longer independent as of the date the Transaction was announced (4 April 2014), they nevertheless take into account the exchange ratios obtained on the basis of these share prices before and after this date. Similarly, regarding the target prices issued by financial analysts and used as a valuation reference, the Banks consider only the post-announcement prices since their sole reference date is 19 March 2015, the day before the press release announcing the revised terms and conditions of the merger and in particular the new exchange ratio of ten *Lafarge* shares for nine *Holcim* shares.

This second point reflects a different methodological approach and means that the results of our valuation work, and particularly the range of exchange ratios considered pertinent, are not strictly comparable with the results obtained by the Banks. This difference in approach also prevents a comparison of how the different valuation methods or references were applied, as we will see below.

4.2. Results of the valuation work performed

4.2.1. Exchange ratios obtained on the basis of share prices and target prices

As we outlined above, the Banks take into account the share prices before and after the date the Transaction was announced, since both references appear in their summary table.

The exchange ratios obtained on the basis of the pre-announcement share prices are between 0.89 and 0.93, lower than the exchange ratio of 0.94 which we obtained using the same type of reference. This discrepancy results from the difference in the reference periods selected: the Banks adopted an extended 12-month period, while we chose a limited 15-day period so that the share prices would factor in the latest major events occurring before the announcement date (particularly the publication of annual results for 2013).

Based on the post-announcement share prices, the Banks adopted an exchange ratio of 0.87. It should be recalled that in the weeks following the announcement, the share prices of both groups evolved to reflect the Exchange Ratio of 1.0 proposed at the time. Despite being based on the share prices recorded the day before the announcement of the new Exchange Ratio (i.e., 19 March 2015), the exchange ratio of 0.87 adopted by the Banks probably already factored in the revision insofar as the first rumours about a new ratio began to circulate on 1 March 2015, as recalled by the Banks. The 0.87 ratio is therefore understandably lower than the 1.0 Exchange Ratio envisaged at the time the Transaction was announced.

Regarding the target prices issued by financial analysts, the Banks adopt the same reference date of 19 March. As with the share prices recorded on that date, we consider that the target prices observed on 19 March are not a pertinent basis for determining the Intrinsic Value of each group. Irrespective of the results obtained from their own valuation work (which may or may not factor in the impacts of the combination), the financial analysts likely factor in a possible Exchange Ratio revision – and possibly even a collapse of the merger deal – in the target prices they disclose to the sales teams of their respective brokerage houses.

4.2.2. Exchange Ratios obtained based on the listed peers method and the DCF method

As mentioned above, the Banks chose to apply like us the listed peers and DCF methods. Based on the estimates resulting from these two methods, the exchange ratios obtained by the Banks are significantly lower than our own. Under the listed peers method for example, the exchange ratio obtained by the Banks is close to the revised Exchange Ratio of 0.9, whereas we obtained a wide range of between 0.90 and 0.98. Likewise, the Banks obtained an exchange ratio of 0.83 under the DCF method, below our range of 0.94-1.01.

These differences are undoubtedly caused by several different factors. However, we are unable to analyse these in-depth from the information disclosed by the Banks in the prospectus. Nevertheless, it should be noted that the exchange ratios we obtained were more favourable for *Lafarge* shareholders than those obtained by the Banks cannot be explained by differences in estimates of items considered to determine equity values from enterprise values ("adjusted net debt"). In fact, in valuing the *Holcim* share, we take a significantly lower adjusted net debt than that chosen by the Banks (respectively CHF 13.9 billion and CHF 15.5 billion at 31 December 2014), while for the *Lafarge* share, our adjusted net debt figure is slightly higher (respectively €10.1 billion and €9.5 billion at end-2014).

Regarding the listed peers method, the differences observed between the results obtained by the Banks and our own results are attributable to the different ways in which we applied the method in terms of (i) preparing a sample of comparable listed companies (the Banks use a wide sample that includes local, mid-sized companies), (ii) selecting indicators to calculate multiples (the Banks choose EBITDA while we opt for adjusted EBIT), (iii) choosing the reference period to use for the calculation of the multiples (the Banks use a recent period whereas we choose a period prior to the announcement of the Transaction).

Regarding the DCF method, it should be recalled that DCF is only provided by the Banks "for information purposes" and that the exchange rate obtained under this method is excluded from their summary table. The information provided about the way in which this method was applied is fairly vague and a comparison with our own work is therefore difficult. However, we can identify two important differences regarding estimated forecast cash flows and the calculation of the discount rate. The normative rate used by the Banks to calculate the terminal value is based mainly on the EBITDA margins resulting from the analyst consensus, while in our own work, this normative rate is based on target levels of return on capital employed. We also use a single discount rate to value the businesses of both groups, whereas the Banks use two different rates without explaining their choice.

5. Conclusion

This independent valuation report was drawn up in connection with the public exchange offer to be launched shortly by *Holcim* (the "Offeror") for *Lafarge* shares (the "Offer") based on an exchange ratio of 0.9 (i.e., nine *Holcim* shares for every ten *Lafarge* shares tendered). The report was drawn up further to a request by the *Lafarge* Board of Directors in compliance with French stock market regulations. It is designed to provide the Board with an opinion on the fairness of the Offer's financial terms and conditions for *Lafarge* shareholders.

The Offer is a voluntary offer resulting from a merger process initiated jointly by the management of both groups in the first quarter of 2014 (the "Transaction") and *Lafarge* shareholders are free to choose whether or not to accept the Offer by deciding to tender or retain their shares. Analysing the fairness of the Offer's financial terms and conditions in this context involves firstly verifying whether the exchange ratio proposed by the Offeror (the "Exchange Ratio") is "reasonable" or "acceptable" for *Lafarge* shareholders from a financial point of view, and secondly, assessing the financial merits of the Offer for these shareholders.

Regarding the Exchange Ratio, earlier in our report we stated that two criteria must be respected for the Exchange Ratio to be considered fair: it must (i) factor in the value of the assets and the growth potential of both groups, and (ii) reflect a "fair allocation" of the value to be created by the combination (i.e., the value of any synergies) among the shareholders of each group. Given the nature of the planned combination ("merger of equals") and the characteristics of the expected synergies, the second criterion requires the Exchange Ratio to be based on the respective market values of both groups before taking into account the impacts of the combination ("Intrinsic Values"). Implicitly, this means that no control premium exists.

Our valuation work was performed using a multi-criteria approach. It showed that the Exchange Ratio was at the bottom of the range of ratios based on the Intrinsic Values that resulted from the valuation references (analysts' target prices and share prices) or from the valuation methods used (DCF and listed peers methods). As a result, we believe that the Exchange Ratio is acceptable for *Lafarge* shareholders and note that it does not include any premium relative to the ratios resulting from our different estimates of the Intrinsic Value of each group.

Regarding the financial merits of the Offer, the absence of a control premium could lead us to question the potential for value creation resulting from the synergies. When no synergies are expected, an exchange offer with no premium would have no financial merits for the target company's shareholders. However, an offer should be considered if the combination is likely to generate synergies. Further, if the value expected to be created by these synergies is significant compared with the Intrinsic Values, the position of the Exchange Ratio within the range of ratios obtained from a multi-criteria valuation approach is irrelevant, since its impact on the increase in the target company's shareholder value is limited.

In the present case, based on the information provided by the management of *Lafarge* and *Holcim* at the time the Transaction was announced, the planned combination is expected to generate significant synergies. Consequently, the value to be created as a result of these synergies could be significant compared with the Intrinsic Values. This can be seen in (i) the impact of the announcement of the Transaction on the combined shareholder value of the two groups (i.e., an increase of around 13% over a period including the date the Transaction was announced and the previous 10 trading days) and (ii) the revised target prices published by financial analysts in the two months following the announcement (representing a median increase of around 17% for the *Lafarge* share and around 15% for the *Holcim* share based on a sample of 11 financial analysts).

However, these positive reactions to the announced Transaction should not blind us to the execution risks, which exist as for any large-scale merger. Due to the absence of significant economies of scale in this case, the synergies expected cannot be realised in full if the two groups are not able to integrate successfully.

To conclude, given (i) the position of the Exchange Ratio relative to the ratios derived from the Intrinsic Values of the two groups, and (ii) the potential for value creation resulting from the synergies, we believe that the financial terms and conditions of the Offer are fair for *Lafarge* shareholders.

Paris, 15 April 2015

Representing *Accuracy*,

Bruno Husson   Henri Philippe

7 PERSONS RESPONSIBLE FOR THE RESPONSE OFFER DOCUMENT

"To our knowledge, the information contained in this response offer document is true and accurate and does not contain any omission which could make it misleading."

Bruno Lafont
Chief Executive Officer

Jean-Jacques Gauthier
Chief Financial Officer and
Executive Vice-President

Annex
Report of the expert appointed by the workers' council of the Company (in French)

2J AUDIT CONSEIL SAS
Expertise comptable
Commissariat aux comptes

LAFARGE SA

Projet d'offre publique d'échange

dans le cadre du projet LAFARGE HOLCIM

RAPPORT DE MISSION D'EXPERTISE

Article L2325-35 du Code du travail

Le 24 avril 2015

Espace Valentine Bât. C – 1, montée de Saint Menet – 13011 Marseille ☎ 0491.270.917 📠 0491.270.905
SIRET 790 229 793 00019 – NACE 6920 Z – Email savoir2@wanadoo.fr
Société d'expertise comptable inscrite au tableau de l'Ordre des experts-comptables de la région Marseille PACA
Société de commissariat aux comptes inscrite auprès de la Compagnie d'Aix-en-Provence

SOMMAIRE

1. INTRODUCTION

Au cours de la réunion du 2 avril 2015 et en application de l'article L.2325-35 du Code du travail, les membres du comité d'entreprise de LAFARGE SA nous ont désignés afin de les assister dans l'examen du projet de fusion LAFARGEHOLCIM.

La réalisation de cette étude a nécessité l'accès à des données dont certaines présentent un caractère confidentiel :

- → le document intitulé "Document d'information en vue d'une consultation relative à l'offre publique d'échange [OPE] dans le cadre du projet de fusion LAFARGEHOLCIM" remis au CE le jeudi 2 avril 2015 en vue de la réunion d'information-consultation ;
- → les rapports annuels "Document de référence LAFARGE" de 2011 à 2014 ;
- → le document de base du 2 avril 2015 ;
- → la note d'opération du 2 avril 2015 ;
- → la note d'information du 2 avril 2015 ;
- → les informations financières Pro Forma Non Auditées, version du 1er avril 2015 ;

A la date d'établissement de notre rapport, nous n'avions pas obtenu de réponse aux deux listes de questions et demandes de documents adressées par les élus du comité d'entreprise à HOLCIM.

Le 8 avril 2015, nous avons participé au CE auquel étaient présents des représentants de la direction de LAFARGE SA ainsi que Monsieur Markus KRITZLER RING représentant la société HOLCIM.

Nous avons également assisté au CE du 20 avril 2015.

Nous tenons à remercier ici pour leur disponibilité toutes les personnes que nous avons sollicitées.

2. PRESENTATION DE LA FUSION LAFARGE-HOLCIM.

Le 7 avril 2014, les conseils d'administration de LAFARGE SA [LAFARGE]et de HOLCIM LTD [HOLCIM] ont approuvé à l'unanimité l'intention de réunir les deux groupes par une fusion entre égaux. Le 20 mars 2015, les conseils d'administration de LAFARGE et HOLCIM ont trouvé un accord pour amender les modalités de la fusion précédemment annoncées le 7 avril 2014. La fusion proposée donnera naissance à LAFARGEHOLCIM ; le processus juridique retenu est une offre publique d'échange déposée par HOLCIM portant sur l'ensemble des actions LAFARGE en circulation sur la base d'une parité d'échange de 9 pour 10. Chaque actionnaire de LAFARGE apportant 10 actions à cette offre d'échange se verrait remettre 9 nouvelles actions de LAFARGEHOLCIM. La fusion est conditionnée, entre autres, à la détention par HOLCIM d'au moins deux tiers du capital social et des droits de vote de LAFARGE, à l'approbation des actionnaires de HOLCIM et à l'obtention des autorisations réglementaires habituellement requises qui implique la cession de certaines activités courantes de la part des deux groupes.

HOLCIM et LAFARGE ont également convenu que, sous réserve de l'approbation des actionnaires de HOLCIM, le nouveau groupe annoncerait un dividende - payable en actions à la finalisation de l'opération - d'une nouvelle action LAFARGEHOLCIM pour 20 actions LAFARGEHOLCIM détenues.

2.1 Chiffres clés et comptes de résultat des acteurs de l'opération avant fusion

a. HOLCIM [l'initiateur]

La société a été fondée en 1912 dans le village de Holderbank dans le canton suisse d'AARGAU.

Le groupe HOLCIM est l'un des principaux producteurs de ciment et de granulats dans le monde. Il fournit aussi du béton prêt à l'emploi et de l'asphalte ainsi que des services associés.
La reprise économique, inégale à l'échelle mondiale, s'est poursuivie en 2014 et la demande pour les matériaux de construction s'est avérée inférieure à celle de l'année précédente.

Les fonds propres, qui s'élevaient à 18 677 MCHF au 31 décembre 2013, sont de 20 112 MCHF au 31 décembre 2014.

CHIFFRES CLES

Du 01/01/2011 au 31/12/2014	2011	2012	2013	2014
C.A. Groupe en MCHF	20 744	21 160	19 719	19 110
EBITDA en MCHF	4 264	4 352	4 332	4 156
EBITDA en % du C.A.	20,56	20,57	21,97	21,75
Résultat net en MCHF	682	1 002	1 596	1 619
Résultat net [part Groupe] en MCHF	275	610	1 272	1 287
Résultat net [part Groupe] en % du C.A.	1,33	2,88	6,45	6,73
Endettement financier net en MCHF	11 549	10 325	9 461	9 644
Endettement financier net en % du C.A.	55,67	48,79	47,98	50,47
Nombre de personnes salariées	80 967	76 359	70 857	67 584

Le tableau ci-dessous présente les postes du compte de résultat consolidé du groupe HOLCIM.

En millions de CHF	2012	2013	2014	Variation en %
Chiffres d'affaires net	**21 160**	**19 719**	**19 110**	**-3,09**
Coût de production des biens vendus	12 529	11 087	10 548	-4,86
Marge brute	**8 631**	**8 632**	**8 562**	**-0,81**
Frais commerciaux et de distribution	5 418	5 021	4 924	-1,93
Frais administratifs	1 464	1 254	1 321	5,34
Résultat d'exploitation	**1 749**	**2 357**	**2 317**	**-1,70**
Autres produits	208	204	179	-12,25
Quote-part au résultat des sociétés				
Partenaires et associés	147	161	140	-13,04
Résultat financier	232	183	183	0,00
Charges financières	782	777	611	-21,36
Résultat net avant impôts	**1 554**	**2 128**	**2 208**	**3,76**
Impôts sur les bénéfices	550	533	588	10,32
Résultat net	**1 004**	**1 595**	**1 620**	**1,57**

En 2014, la marge brute du groupe HOLCIM a diminué de 70 millions de francs suisses ; en valeur absolue, la diminution du chiffres d'affaires net a été plus importante que celle des coûts de production des biens vendus.

Le résultat net du groupe HOLCIM a augmenté de 23 millions de francs suisses. La réduction des frais financiers et des pertes de change ainsi que les plus-values réalisées à l'occasion de la vente d'immobilisations corporelles ont contrebalancé la baisse du résultat d'exploitation, la hausse des impôts sur les bénéfices, la diminution de la quote-part du résultat provenant des sociétés apparentées et les moins-values constatées lors de la cession de placements financiers.

Le total des actions émises à fin décembre 2014 est de 327 086 376; les principaux actionnaires sont :

	Nb d'actions détenues	% de droits de vote
Schweizerische Cement-Industrie-Aktiengesellschaft	65 777 912	20,11
Eurocement Holding AG	35 402 772	10,82
Harris Associates L.P.	16 163 815	4,94
Harbor International Fund	9 840 977	3,01
Total	127 185 476	38,88

b. LAFARGE [la cible]

En 1833, Joseph-Auguste PAVIN de LAFARGE commence à exploiter des fours à chaux au Teil, en Ardèche. A la suite d'une croissance soutenue et de nombreuses acquisitions, LAFARGE devient le premier producteur français de ciment à la fin des années 1980 mais dès 1864 a lieu le premier développement international.

LAFARGE produit et vend principalement du ciment, des granulats et du béton prêt à l'emploi, essentiellement sous le nom commercial "Lafarge". Ses produits et solutions de construction sont utilisés pour construire ou rénover des logements, bâtiments et infrastructures.

Après un premier semestre 2014 durant lequel le secteur de la construction a été globalement mieux orienté qu'en 2013, la progression des volumes sur la seconde partie de l'année a été plus modérée, notamment en Europe.

CHIFFRES CLES

Du 01/01/2011 au 31/12/2014	2011	2012	2013	2014
C.A. Groupe en M€	15 284	15 816	13 091	12 843
EBITDA en M€	3 217	3 423	2 794	2 721
EBITDA en % du C.A.	21,05	21,64	21,34	21,19
Résultat net en M€	736	554	753	274
Résultat net [part Groupe] en M€	593	365	601	143
Résultat net [part Groupe] en % du C.A.	3,88	2,31	4,59	1,11
Endettement financier net en M€	11 974	11 317	9 846	9 310
Endettement financier net en % du C.A.	78,34	71,55	75,21	72,49
Nombre de personnes salariées	67 923	64 337	63 687	63 038

Le tableau ci-après présente les postes du compte de résultat consolidé du groupe.

[en millions de €]	2012	2013	2014	Var° %
Produits des activités ordinaires	**15 816**	**13 091**	**12 843**	**- 1,89**
Coût des biens vendus	- 11 945	- 9 944	- 9 838	- 1,07
Frais administratifs et commerciaux	- 1 431	- 1 210	- 1 124	- 7,11
Résultat d'exploitation [avant plus- values de cession, perte sur actifs, restructurations et autres]	**2 440**	**1 937**	**1 881**	**- 2,89**
Plus ou moins values de cession	53	291	292	0,34
Autres produits ou charges d'exploitation	- 546	- 295	- 713	141,69
Résultat d'exploitation	**1 947**	**1 933**	**1 460**	**- 24,47**
Charges financières	- 1 191	- 1 122	- 1 034	- 7,84
Produits financiers	160	138	164	18,84
Quote-part dans les résultats des entreprises liées	5		69	
Résultat avant impôts	**921**	**949**	**659**	**- 30,56**
Impôts	- 316	- 242	- 385	59,09
Résultat net des activités poursuivies	**605**	**707**	**274**	**- 61,24**
Résultat net des activités abandonnées	16	46		
Résultat net	**621**	**753**	**274**	**- 63,61**

Les volumes de vente de ciment sont en augmentation de 4 %.

Sur une base comparable, le chiffre d'affaires a progressé de 3 % et l'EBITDA de 5 %. Le résultat net part du Groupe est affecté par des éléments non récurrents, notamment 385 millions d'euro de dépréciation d'actifs sans effet sur le cash et par des plus et moins-values de cessions.

La réduction de l'endettement net du Groupe s'est poursuivie et s'établit 9,3 Md€. Les fonds propres s'élevaient à 14 555 M€ au 31 décembre 2013; ils sont de 15 453 M€ au 31 décembre 2014.

Le total des actions émises à fin décembre 2014 est de 287 541 684; les principaux actionnaires sont :

	Nb d'actions détenues	% de droits de vote
Groupe Bruxelles Lambert	60 568 754	29,3
NNS Holding SARL	40 063 011	19,4
Dodge & Cox	20 978 862	6,9
Autres institutionnels	136 549 558	35,0
Actionnaires individuels	29 310 961	9,4
Auto-détention	70 538	
Total	287 541 684	100,0

2.2 Les désinvestissements liés au projet de fusion

Le 2 février 2015, les deux groupes LAFARGE et HOLCIM ont annoncé être entrés en négociation exclusive avec le groupe CRH sur la base d'un engagement ferme pour céder les actifs suivants pour une valeur d'entreprise de 6,5 milliards d'euro [la part des actifs LAFARGE est de 4,2 milliards d'euro].

- France

En France métropolitaine, tous les actifs D'HOLCIM, à l'exception de la cimenterie d'Altkirch, des sites béton et granulats dans la région du Haut-Rhin et d'une station de broyage de LAFARGE à Saint-Nazaire récemment acquise [30 collaborateurs, 12 M€ de chiffre d'affaires et 1 M€ d'EBITDA] ; à la Réunion, les actifs de LAFARGE, excepté sa participation dans CIMENTS de BOURBON, représentant 154 collaborateurs, 67 M€ de chiffres d'affaires et 8 M€ d'EBITDA.

- Allemagne

Les actifs de LAFARGE, soit 368 collaborateurs, 167 M€ de chiffres d'affaires et 39 M€ d'EBITDA.

- Hongrie et Slovaquie

Les actifs opérationnels d'HOLCIM, soit 1 103 collaborateurs, 149 M€ de chiffres d'affaires et 34 M€ d'EBITDA.

- Roumanie

Les actifs de LAFARGE, soit 932 collaborateurs, 189 M€ de chiffres d'affaires et 52 M€ d'EBITDA.

- Serbie

Les actifs D'HOLCIM, soit 383 collaborateurs, 51 M€ de chiffres d'affaires et 19 M€ d'EBITDA.

- Royaume-Uni

Les actifs de LAFARGE TARMAC, à l'exception de la cimenterie de Cauldon et de certains autres actifs associés. Dans ce cadre, LAFARGE a signé le 24 juillet 2014 un accord portant sur l'acquisition de sa participation de 50 % dans LAFARGE TARMAC ; une des conditions de cette acquisition est la réalisation de l'opération de fusion LAFARGE HOLCIM. Ces cessions représentent 6 700 collaborateurs, 2 285 M€ de chiffre d'affaires et 237 M€ d'EBITDA.

- Canada

Les actifs D'HOLCIM représentent 2 941 collaborateurs, 1 507 MC$ de chiffre d'affaires et 229 MC$ d'EBITDA.

- Etats-Unis

La cimenterie Trident d'HOLCIM [Montana] et certains terminaux dans la région des Grands Lacs.

- Philippines

Les participations de LAFARGE REPUBLIC INC [LRI] et autres actifs spécifiques détenus par les actionnaires majoritaires, à l'exception des parts LRI dans LAFARGE ILIGAN, INC, ...et autres actifs associés représentant 841 collaborateurs,

20 921 MP$ de chiffres d'affaires et 7 276 MP$ d'EBITDA

- Brésil

Un ensemble d'actifs des deux entreprises qui comprend trois cimenteries intégrées et deux stations de broyage représentant 422 collaborateurs, 693 MR$ de chiffres d'affaires et 109 MR$ d'EBITDA.

Cet accord entre CRH et LAFARGE-HOLCIM sera soumis à l'autorisation des autorités de la concurrence compétente.

CRH a un effectif de 76 000 salariés et opère dans 35 pays ; son chiffre d'affaires est de 18 Md€ avec un EBITDA de 1,5 Md€. La reprise des actifs LAFARGE et HOLCIM lui permet une meilleure couverture géographique, CRH passe du 6ème au 3ème rang mondial dans le secteur des matériaux de construction et génère des synergies significatives.

Au cours.de l'assemblée générale du 19 mars 2015, les actionnaires de CRH ont approuvé ces acquisitions qui restent conditionnées à la réalisation du projet de fusion.

2.3 Le futur groupe LAFARGEHOLCIM [après désinvestissements et en supposant un résultat de l'OPE de 100 %]

a. Informations relatives à LAFARGEHOLCIM

HOLCIM sera renommée LAFARGEHOLCIM au règlement-livraison de l'offre publique d'échange.

L'activité principale d'HOLCIM est de participer au capital de sociétés suisses et étrangères de fabrication, de négoce et de financement actives dans le secteur des liants hydrauliques et autres industries connexes.

Les commissaires aux comptes d'HOLCIM sont Ernst & Young Ltd.

b. La fusion

En 2014, sur une base combinée LAFARGEHOLCIM a vendu 268,7 mt de ciments, 288,3 mt de granulats et 56,6 mt de béton prêt à l'emploi. L'implantation géographique du Groupe avoisine 90 pays. Sa capacité de production de ciment est de 392,6 mt par an. LAFARGEHOLCIM exploitait sur une base combinée 256 cimenteries [usine de clinker et de broyage], 621 usines de granulats et 1 640 usines de béton prêt à l'emploi. L'effectif est d'environ 115 785 salariés équivalents temps plein.

Le Groupe combiné a réalisé un chiffres d'affaires de 33,1 milliards de francs suisses et un EBITDA d'exploitation de 6,8 milliards de francs suisses pour un résultat net de 1,1 milliard de francs suisses attribuable aux actionnaires de LAFARGEHOLCIM LTD.
Sa dette financière nette au 31 décembre 2014 est de 18,2 milliards de francs suisses soit environ 55% et ses capitaux propres de 43,2 milliards de francs suisses.

✓ La fusion donnera naissance à un Groupe à l'avant-garde de l'industrie des matériaux de construction.

✓ Ce Groupe sera capable de générer pour 1,2 milliards de francs suisses au titres des synergies opérationnelles, 240 millions liés aux frais financiers et

  250 millions liés aux investissements. De plus, un partage des meilleures pratiques devrait générer ponctuellement des synergies de fonds de roulement.

✓ Peu après l'annonce de la fusion, un comité d'intégration a été mis en place avec pour but d'exploiter au mieux les bénéfices de la fusion et de fonder une nouvelle culture d'entreprise fusionnant les cultures de LAFARGE et d'HOLCIM.

c. LAFARGEHOLCIM après la réalisation de la fusion

✓ Les fonds propres

  Au 31 décembre 2014, le Groupe combiné en situation pro forma disposait de 43 197 millions de francs suisses, soit 40 938 millions d'euro.

✓ Le compte de résultat pro forma

  Le compte de résultat résumé ci-après ne prend en compte ni les synergies qui résulteraient de la fusion ni les indemnités ou les coûts de restructuration qui pourraient résulter de la fusion et de la cession.

[EN MILLIONS ET EN DONNEES PRO FORMA]	HOLCIM [CHF]	LAFARGE [CHF]	AJUSTEMENTS [CHF]	CESSIONS [CHF]	CHF	€
Produits des activités ordinaires	**19 110**	**15 599**	**1 392**	**-2 961**	**33 140**	**31 406**
Coût des biens vendus	-10 476	-8 396	-1 399	1 626	-18 645	-17 670
Excédent brut d'exploitation	**8 634**	**7 203**	**-7**	**-1 335**	**14 495**	**13 736**
Frais commerciaux et de distribution	-4 924	-3 850	-333	738	-8 369	-7 931
Frais administratifs	-1 221	-1 068	-108	163	-2 234	-2 117
Résultat d'exploitation avant autres produits et charges	**2 489**	**2 285**	**-448**	**-434**	**3 892**	3 688
Autres produits [charges]	30	-512	184	246	-52	-49
Résultat d'exploitation	**2 519**	**1 773**	**-264**	**-188**	**3 840**	**3 639**
Quote-part dans les résultats des entreprises liées	140	84	22	-66	180	171
Produits financiers	183	199		-2	380	360
Charges financières	-635	-1 256	-161	71	-1 981	-1 877
Résultat avant impôts	**2 207**	**800**	**-403**	**-185**	**2 419**	**2 293**
Impôts	-588	-467	87	30	-938	-889
Résultat net	**1 619**	**333**	**-316**	**-155**	**1 481**	**1 404**

3. ANALYSE DES CONDITIONS DE LA FUSION

3.1 Les objectifs stratégiques

Les activités du nouveau groupe resteront celles déjà maîtrisées par LAFARGE et HOLCIM [ciment, granulats et béton prêt à l'emploi], mais dorénavant avec plus de 110 000 collaborateurs dans 73 marchés émergents et 17 marchés développés, des volumes et un chiffre d'affaires globalement multipliés par deux par rapport à ceux de chaque groupe pris séparément : plus de 31Md€ de chiffre d'affaires, 427 Mt de ciment, 348 Mt de granulats et 70 Mm^3 de béton.

La fusion LAFARGE-HOLCIM doit positionner le nouveau groupe comme le partenaire de référence dans le secteur des matériaux de construction sur un marché de la construction qui doit doubler d'ici à 2025. De plus, la fusion doit optimiser l'exploitation des actifs pour générer davantage de résultat. Pour cela, des objectifs stratégiques ont été identifiés :

- mobiliser les ressources humaines et financières pour obtenir de meilleurs résultats ;
- satisfaire les besoins des clients et comprendre ceux des utilisateurs finaux, notamment dans le but d'accéder au marché global de la construction environ huit fois plus important ;

- atteindre l'excellence opérationnelle pour optimiser la performance du groupe, ce qui inclut la sécurité, les coûts, la fiabilité par le partage de bonnes pratiques, la mise en œuvre de modèles opérationnels avancés et des améliorations continues, le tout avec pour objectif la maitrise des coûts ;
- créer de la valeur pour la société en apportant des solutions durables qui font la différence en matière de respect de l'environnement.

En outre, cette fusion doit accélérer la croissance par une présence mondiale améliorée et équilibrée entre les pays développés et les pays émergents tout en étant bénéfique pour toutes les parties prenantes [collaborateurs, clients, actionnaires, collectivités locales...].

3.2 Les risques de l'opération.

Malgré des perspectives présentées comme très positives, cette opération comporte des risques concernant directement le processus de fusion, mais également chacune des entreprises, de plus, les hypothèses de base retenues pourraient se révéler erronées.

a. Échec du processus de fusion

Le processus de fusion peut être freiné dès l'OPE ou lors de la fusion effective en ne permettant pas d'obtenir des synergies le bénéfice escompté.

Dès l'OPE, plusieurs facteurs peuvent rendre l'opération difficile.

- La variation du cours des actions de HOLCIM et LAFARGE et la variation du cours de change Euro/Franc suisse peuvent influencer fortement le comportement des actionnaires vis-à-vis de l'OPE puisque la parité a été fixée. Le *combination agreement* ne comporte pas de mécanisme d'ajustement de parité selon ces variations.
- Enregistrement des nouvelles actions HOLCIM : l'OPE doit être réalisée par échange d'actions nouvelles de HOLCIM après augmentation de son capital décidée en assemblée générale [prévue le 8 mai 2015] mais ces nouvelles actions doivent être enregistrées au Registre du commerce en Suisse. Tout retard ou difficulté à ce niveau peut avoir une incidence importante sur le processus de fusion.
- Inéligibilité des actions aux PEA en France : de nombreux actionnaires de LAFARGE détiennent leurs actions au sein d'un PEA mais les actions LAFARGEHOLCIM reçues en échange lors de l'OPE, de droit suisse, ne peuvent être dans un PEA et pourraient alors entraîner des cessions qui, si elles représentent des volumes significatifs, pourraient pénaliser le cours des actions LAFARGE et celui des actions HOLCIM.
- Clauses contractuelles de non-concurrence ou de non-changement de contrôle : certains contrats de LAFARGE [joint-venture, financements,…] comportent des clauses qui pourraient être mises en jeu du fait de la fusion, avec des conséquences négatives significatives sur l'activité, les résultats et les perspectives du nouveau groupe.
- Obligation de formuler des offres pour des filiales cotées : il pourrait être obligatoire dans certains pays, sauf dérogations hypothétiques, de déposer des offres d'achat des participations minoritaires ; dans ce cas, des incertitudes juridiques subsistent.

- Réduction de la liquidité des actions non apportées à l'OPE : la liquidité du "flottant" LAFARGE non apporté à l'OPE pourrait être fortement réduite et donc affecter significativement le cours de l'action.
- Application potentielle de la taxe sur les transactions financières européennes : l'application de cette nouvelle taxe pourrait augmenter les frais des transactions concernant les actions HOLCIM et ainsi réduire leur liquidité et impacter leur cours.
- Nécessité d'une nouvelle assemblée générale d'HOLCIM si l'OPE n'est pas réglée en moins de 3 mois : la loi suisse fixe un délai de 3 mois pour mettre en œuvre une augmentation de capital et une nouvelle assemblée générale serait donc nécessaire après le 8 août 2015, avec les incertitudes que cela comporte.
- Faculté de renoncer à l'offre : HOLCIM, initiateur de l'offre, peut renoncer à l'offre en cas d'offre concurrente ou de surenchère mais aussi après autorisation par l'AMF si la consistance de LAFARGE est modifiée.

Outre ces risques d'échec du propre processus d'OPE, il existe également des risques que les bénéfices des synergies et optimisations opérationnelles attendus au niveau des achats, ventes, frais généraux et financiers, capacités d'innovation et d'investissements... soient retardés ou impossibles du fait de difficultés ou de délais d'intégration de ces deux grands groupes complexes et totalement indépendants à ce jour.
De plus, les coûts pour atteindre un niveau suffisant d'intégration peuvent être plus élevés que prévu.
Ces risques sont notamment :

- le départ de collaborateurs clés pour la réussite de la fusion ;
- des difficultés d'harmonisation et de convergence des cultures, organisations, normes, règles, procédures et systèmes financiers, comptables et d'information ;
- des retards ou des difficultés dans les processus légaux d'information-consultation des instances représentatives du personnel de chaque groupe ;
- une vision négative de la fusion par certains clients débouchant sur une perte de chiffres d'affaires ;
- le maintien d'actionnaires minoritaires significatifs au capital de LAFARGE si HOLCIM ne peut en acquérir la totalité.

b. Hypothèses de base qui se révèleraient erronées

Les informations financières utilisées sont pro forma et ne sont pas auditées. Des différences significatives peuvent encore apparaître, notamment après la réalisation effective de toutes les cessions d'actifs nécessaires ou décidées et en fonction du niveau d'apport des actions LAFARGE à l'OPE supposé égal à 100 % dans les informations financières produites.

Par ailleurs, les prévisions de synergies et performance reposent en partie sur des facteurs non maîtrisés par le futur groupe [risques-pays, évolutions de marché] mais aussi des risques particuliers propres à chaque groupe.
Ces facteurs de risque sont présentés pour HOLCIM puis pour LAFARGE.

HOLCIM, initiateur de l'OPE.

Précisons tout d'abord la nature des risques financiers et de marché, puis la manière dont HOLCIM gère ces risques.

- Risques financiers et de marché.

  Ces risques sont abordés au plan des liquidités, des changes, des taux d'intérêts, de l'endettement et des crédits.

  HOLCIM est exposé de façon limitée aux risques de liquidité car il a une forte solvabilité et conserve des lignes de crédit inutilisées.

  Il est également exposé de façon limitée aux risques de marché [change et taux d'intérêts] : au 31 décembre 2014, une variation de 1 % des taux d'intérêts générait une variation des charges financières annuelles avant impôts et après couverture d'environ 38 millions de francs suisses. L'exposition aux risques de change est limitée pour les investissements par des emprunts en devises locales ou par d'autres instruments.

  Pour les transactions, du fait du caractère local des marchés, les bénéfices sont essentiellement en devises locales alors que le service de la dette et des investissements est majoritairement en devises étrangères ; le risque de change n'est que partiellement couvert.

  Une variation de 5 % du franc suisse, du dollar américain et/ou de l'euro par rapport aux devises utilisées aurait toutefois un faible impact sur les résultats nets de change après couverture.

  L'impact des produits dérivés sur les fonds propres est considéré comme non significatif au regard du montant des capitaux propres d'HOLCIM.

  En 2014, HOLCIM a maintenu son objectif 2013 de conserver un ratio des fonds provenant de l'exploitation [correspondant à un pourcentage de la dette financière nette] d'au moins 25 % ainsi qu'un ratio dette financière nette sur EBITDA inférieur à 2,8.

  Enfin, il n'existe aucune concentration significative de risque de crédit à l'égard d'une contrepartie ou d'un groupe de contreparties au sein d'HOLCIM.

- Gestion et couverture des risques.

  HOLCIM dispose d'un cadre de gestion de risques permettant d'identifier et d'atténuer les risques et une approche assurantielle à la fois au niveau Groupe et local.

  Les assurances concernent les biens, les constructions, les responsabilités des dirigeants, les responsabilités du fait de tiers, les responsabilités civiles et les atteintes à l'environnement. Certains risques sont réassurés.

LAFARGE, cible de l' OP E.

Nous précisons d'abord les risques liés à l'activité, les risques financiers et de marché, puis la manière dont LAFARGE gère ces risques.

- Les risques liés à l'activité peuvent avoir différentes sources.

  - L'implantation mondiale de LAFARGE, le caractère cyclique de la demande locale, l'exposition dans les pays émergents [60 % du chiffre d'affaires, même si aucun pays ne représente plus de 6 % du chiffre d'affaires], les aléas climatiques, les catastrophes naturelles,…

- La conjoncture économique mondiale et la crise de la dette souveraine dans la zone euro ont un impact significatif sur l'activité de la construction dans les pays développés.
- Les coûts et la disponibilité énergétiques ont un impact important sur les coûts de revient puisque les activités de LAFARGE sont fortement consommatrices d'énergie. Nous pouvons citer comme exemple la pénurie de gaz en Égypte en 2014.
- La disponibilité des matières premières de base [calcaire, granulats, gypse,…] et autres matières approvisionnées [cendres volantes, laitier,…] conditionne la capacité de production.
- La concurrence et le respect des règles concurrentielles du fait de la position dominante dans certains marchés. Par exemple, la Commission européenne a ouvert en 2008 une enquête officielle pour de supposées pratiques anticoncurrentielles entre les acteurs majeurs du secteur dont l'issue est encore incertaine.
- Les risques industriels et liés à la sécurité ou à l'environnement : même si les matériaux et produits ne sont pas considérés comme dangereux, l'activité est soumise à de nombreux règlements et lois.
- Les risques juridiques : l'implantation dans différents pays et les nombreuses réglementations locales génèrent un risque de litiges liés à l'activité. Peuvent aussi surgir des litiges liés à des cessions passées pour lesquelles LAFARGE avait donné des garanties.
- Les propres structures du groupe peuvent aussi être source de risques au niveau de l'actif constitué de participations dans ses filiales dans des pays pouvant restreindre la distribution de dividendes, ou encore au niveau des aspects comptables liés aux regroupements d'entreprises, notamment la juste valeur des actifs et goodwill enregistrés ou encore des actionnaires minoritaires et partenaires au sein des filiales.

▪ Les risques financiers et de marché sont de différentes natures.

- Financier : endettement brut de 11 410 M€ et net de 9 310 M€ à fin 2014, dont 2 Md€ à moins d'un an.
- Liquidités : le risque de ressources financières insuffisantes à la poursuite des activités a donné lieu au report d'une part importante de l'endettement à moyen et long terme et à la création de lignes de crédit pour les engagements à court terme.
- Régimes de retraite, essentiellement au Royaume-Uni et aux Etats-Unis, dont la charge à long terme peut être sous-estimée.
- Marché : risque de change et sensibilité aux taux de change, risque de taux d'intérêts et sensibilité aux taux d'intérêts, risque de variation des cours des matières premières et sensibilité à leur variation, risque de crédit en cas de défaillance de contrepartie.

▪ Gestion et maîtrise des risques.

- Démarches de prévention : recensement et analyse avec une cartographie des risques du groupe actualisée à fin 2014 et une analyse approfondie annuelle.

- Dispositifs de gestion des risques pour en limiter les impacts : cadre général définissant les responsabilités et les principes de gestion des risques, code de conduite des affaires, politique et pratiques de protection des actifs, programmes anti-fraude et ligne éthique, gestion des risques particuliers [sécurisation des accès aux matières premières, conformité aux règles de la concurrence, risques environnementaux ou de santé- sécurité et risques financiers et de marché].
  Par ailleurs, les risques sont couverts par un dispositif d'assurance qui repose sur des actions de prévention et de protection. Nous observons la conservation des risques de fréquence par des captives du groupe, la réassurance des risques d'intensité auprès de leaders du marché de l'assurance avec l'intégration des risques des filiales détenues en majorité.

Le coût total des assurances est d'environ 0,5 % du chiffre d'affaires du périmètre assuré. Les dommages aux biens et les pertes d'exploitation ainsi que la responsabilité civile sont couverts [nous trouvons dans les captives jusqu'à 2 M€ en RC et 15 M€ pour les dommages aux biens].

3.3 La "vision" et les "valeurs d'entreprise".

LAFARGE et HOLCIM ont une même vision et des valeurs d'entreprise qui sont en harmonie.

Une même vision...

→ Priorité à l'innovation.

→ Passer d'un fournisseur de produits à un fournisseur de solutions.

→ Une activité avec des standards mondiaux et une exécution locale.

...et des valeurs partagées

→ Esprit entrepreneurial.

→ Culture de la performance.

→ Des racines européennes, une culture internationale.

3.4 La macro-organisation Corporate/Régions/Pays.

LAFARGE a connu dans le passé une organisation décentralisée par région, puis une structure avec des fonctions "siège" renforcées assurant un support direct des pays.

Pour tenir compte de sa taille [pays et nombre de sites] et pour une performance maîtrisée plus près des opérations, le futur groupe LAFARGE-HOLCIM sera organisé selon trois niveaux : Corporate et fonctions Groupe, Régions, Pays.

Dépendront du Corporate la vision long terme et les stratégies d'ensemble, l'identité du Groupe avec sa culture, ses valeurs, sa marque et son image, la définition des structures et organisations afin de mettre en œuvre efficacement les stratégies et de s'assurer de la mise en place des talents et compétences-clés en promouvant la diversité.

Les fonctions Groupe créeront la transparence et stimuleront la croissance, proposeront au Comité exécutif les ambitions, les stratégies, les politiques et les objectifs, assureront le développement des connaissances et le maintien d'un réservoir de talents, soutiendront l'activité et le changement. De plus, elles conduiront certaines fonctions opérationnelles définies par le Comité exécutif. Les fonctions Groupe interagissent donc avec le Corporate, les Régions et les Pays.

Les stratégies régionales et par Pays seront définies au niveau des Régions avec des ressources dédiées pour un support de proximité aux opérations et à la réalisation des synergies opérationnelles [achat, logistique, etc.].
Le Patron de chaque pays proposera et mettra en œuvre les stratégies et l'organisation dans le pays, facilitera la mise en œuvre des initiatives du Groupe et des initiatives régionales et garantira le développement des compétences, la diversité et l'implication des employés.
Les missions, objectifs et responsabilités seront clairement définies à chaque niveau de l'organisation, en toute transparence.

3.5 La localisation des centres de décisions, l'organisation de la gouvernance et des fonctions Groupe/Corporate.

La société LAFARGE-HOLCIM sera une société de droit suisse. Le groupe sera détenu à hauteur de 27 % par trois actionnaires principaux, aucun autre actionnaire ne détenant plus de 6,2 %.
Le conseil d'administration sera composé de 14 membres répartis à part égale entre ex-LAFARGE et ex-HOLCIM, le président statutaire et le vice-président étant ex-HOLCIM. Deux titres de co-présidents sont créés, l'un étant ex-LAFARGE et l'autre ex-HOLCIM.
Le Comité exécutif sera composé de 10 membres également issus de LAFARGE et HOLCIM ; il sera dirigé par un cadre proposé par LAFARGE et approuvé par HOLCIM. Il se réunira à Zurich mais ses membres pourront être basés à Paris ou à Zurich, avec de fréquents déplacements dans le monde.

Les directeurs de Région Europe et Moyen-Orient, auront leur bureau principal à Paris.

Le cycle de management sera simplifié par l'appropriation et la responsabilisation à tous les niveaux [Groupe, Régions, Pays] grâce à un calendrier rationalisé avec une intégration et une réduction des délais et des itérations de planification pour se concentrer sur la mise en œuvre. La simplification viendra aussi d'un allègement des tâches administratives, notamment avec un souci du détail "raisonnable", par exemple avec seulement des KPI "clés".
Les fonctions Groupe apporteront leur contribution au management en formulant des suggestions, en stimulant et en apportant un soutien à tous les niveaux. L'ensemble des fonctions centrales sera réparti de façon équilibrée entre la France et la Suisse, avec des principes de diversité et d'équité entre les employés issus de LAFARGE et ceux issus d'HOLCIM.
Le Centre de recherche de LAFARGE restera basé à Saint Quentin Fallavier et deviendra le centre de recherche du nouveau Groupe.
Le choix de la localisation des fonctions Groupe et Régionales a fait l'objet de négociations et d'un effort de coordination important, avec pour objectif de maintenir une représentation équilibrée du nombre de postes entre la France et la Suisse et de valoriser les compétences, les expertises et les savoir-faire des deux sociétés. Les fonctions *above operations* seront basées à plus de 50 % en France.

La Direction générale des opérations en France restera basée en France [Clamart].

3.6 L'aspect économique et financier.

LAFARGEHOLCIM est convaincue d'occuper une position qui lui offrira une croissance durable et rentable grâce à sa capacité à générer des synergies.

- Les synergies opérationnelles pourraient provenir :
  - de l'identification et de la mise en place des meilleures pratiques [logistique, distribution, informatique et énergie], soit 200 M€ en année pleine au niveau de l'EBITDA ;
  - des économies d'échelle réalisées sur les approvisionnements et les achats, soit 340 M€ en année pleine au niveau de l'EBITDA ;
  - de la réduction ou de la suppression de fonctions faisant double emploi [frais commerciaux, généraux et administratifs], soit 250 M€ en année pleine au niveau de l'EBITDA ;
  - du déploiement de l'innovation à une plus grande échelle, soit 200 M€ en année pleine au niveau de l'EBITDA.

Le total attendu est donc d'un milliard d'euro environ. Toutefois, des coûts seront à engager au cours des deux années suivant la réalisation de la fusion afin de générer ces synergies.

- Les synergies de frais financiers pourraient provenir :
  - de taux de financement plus favorables,
  - d'une meilleure allocation des capitaux.

L'objectif de ces deux sources de synergie est de 100 M€ à la fin de la première année suivant la fusion et jusqu'à 200 M€ à l'issue de la troisième année suivant la fusion.

- Les synergies d'investissement sur les investissements de maintien et de développement devraient générer 205 M€.

Les synergies décrites ci-dessus reposent sur de nombreuses hypothèses qui, pour la plupart, ne sont pas maîtrisées par LAFARGEHOLCIM.

3.7 La parité d'échange.

La fusion LAFARGE-HOLCIM nécessite l'évaluation de chacune des sociétés.

Le rapport valeur de la société LAFARGE/valeur de la société HOLCIM détermine la parité d'échange de titres. Dans le cadre de la fusion projetée, il sera remis 9 nouvelles actions de la société LAFARGEHOLCIM pour 10 actions de la société LAFARGE.

Les documents mis à notre disposition n'expliquent pas le calcul de cette parité et nous ne pouvons donc pas l'apprécier.

3.8 Le goodwill.

- Le goodwill historique de LAFARGE.

  Le goodwill préexistant de LAFARGE [13 663 millions de CHF] doit être éliminé.

- Contrepartie transférée et comptabilisation de l'acquisition.

  Les principes définis par IFRS 3 [Regroupement d'entreprises] ont été appliqués pour comptabiliser la fusion. L'écart entre la contrepartie transférée estimée pour les actions LAFARGE et la juste valeur provisoire des actifs et passifs de LAFARGE acquis est comptabilisé en goodwill provisoire. De ce point de vue, HOLCIM est considéré comme l'acquéreur de LAFARGE. A la date effective de la fusion, il conviendra de déterminer la juste valeur des actifs nets acquis.

Contrepartie transférée

La contrepartie transférée est réputée être égale au nombre d'actions à émettre [9 actions HOLCIM pour 10 actions LAFARGE] au cours de clôture au jour de l'acquisition. Pour les comptes pro forma, le cours retenu est de 76,15 CHF ; toutes les actions LAFARGE sont apportées [en circulation, en stock-options].

Le tableau ci-après présente l'estimation provisoire de la contrepartie transférée.

Nombre d'actions LAFARGE au 31/12/2014	287 471 146
Parité d'échange	0,9
Nombre d'actions D'HOLCIM à émettre	258 724 031
Cours au 20 mars 2015 [CHF]	76,15
Juste valeur des actions HOLCIM [MCHF]	19 702
Juste valeur des stock-options LAFARGE [MCHF]	192
Estimation de la contrepartie [MCHF]	19 894

Mesure de la sensibilité

Une variation de cours de 1 CHF impacte la contrepartie transférée de 263 MCHF et donc le goodwill.

Comptabilisation de l'acquisition

La comptabilisation de l'acquisition dans les comptes pro forma est résumée ci-après [en millions de CHF].

Contrepartie transférée	**19 894**
Participations antérieures D'HOLCIM	386
Intérêts minoritaires de LAFARGE	2 746
Sous-total [1]	**23 016**
Actif net de Lafarge avant l'acquisition	20 793
Estimation du goodwill existant de LAFARGE	-13 663
Sous-total [2]	**7 130**
Comptabilisation préliminaire de l'acquisition	
Activités cedes	241
Participations dans les entreprises liées	1 390
Immobilisations corporelles	8 900
Passifs financiers non courants et autres passifs courants	- 1 869
Impôts différés passifs sur les réévaluations en juste valeur	- 2 598

Juste valeur provisoire de l'actif net acquis [3]	**13 194**
Goodwill provisoire [1-3]	**9 822**

Après fusion et paiement du dividende payable en actions, le nombre d'actions en circulation s'établit comme suit :

Au 31/12/2014	Total	HOLCIM	LAFARGE
Nombre d'actions en circulation	584 591 068	325 867 037	258 724 031
Parité du dividend	0,05	0,05	0,05
Nombre d'actions à émettre	29 229 554	16 293 352	12 936 202
Nombre total d'actions	613 820 622	342 160 389	271 660 233

3.9 Les conséquences de la fusion pour les actionnaires.

A la date du projet de note d'information, HOLCIM ne détient aucune action LAFARGE directement ou indirectement, seule ou de concert.

Sous réserve des cas de levée des indisponibilités prévus par les dispositions légales ou règlementaires applicables [décès, invalidité], certaines actions LAFARGE susceptibles d'être émises à raison de l'exercice d'options de souscription d'actions LAFARGE ne pourront pas être apportées au moment de l'offre publique d'échange. Il en est de même de certaines actions LAFARGE susceptibles d'être émises dans le cadre de plans d'actions de performance. Dans la mesure où les règlementations le permettent, ces actions bénéficieront du mécanisme de liquidités prévu dans la note d'information [article 2.8]

HOLCIM offre aux actionnaires de LAFARGE la possibilité irrévocable d'échanger les actions LAFARGE qu'ils détiennent selon une parité d'échange de 10 actions LAFARGE pour 9 actions HOLCIM.

Un dividende payable en actions sera versé à tous les porteurs d'actions LAFARGEHOLCIM selon la parité de 1 action nouvelle LAFARGEHOLCIM pour 20 actions LAFARGEHOLCIM existantes. Un mécanisme de revente des actions HOLCIM formant rompu sera mis en œuvre.

Le nombre maximum d'actions HOLCIM à émettre dans le cadre de l'offre sera de 259 088 712 [il a été retenu 258 724 031 pour le calcul du goodwill], chacune ayant une valeur nominale de 2 CHF.

Le montant exact de l'augmentation de capital sera déterminé par le conseil d'administration d'HOLCIM, après approbation de la fusion par l'assemblée générale, sur la base du nombre d'actions LAFARGE apportées.

Dans le cadre du retrait obligatoire et d'un dividende payable en actions, un capital social autorisé est prévu ; sa mise en application sera du ressort du conseil d'administration.

Pour les porteurs des options de souscription d'actions LAFARGE, des actions de performance LAFARGE et des actions détenues par l'intermédiaire de fonds communs de placement d'entreprise, les actionnaires d'HOLCIM devraient adopter une résolution permettant la création d'un capital social conditionnel. Les actions HOLCIM émises en rémunération de l'offre seront des actions nominatives ordinaires.

Chaque action HOLCIM donne à son porteur un droit de vote lors de toute assemblée générale. Les actionnaires de LAFARGE qui détenaient des droits de vote double ou qui bénéficiaient du dividende majoré perdront ces droits.

Les actions LAFARGEHOLCIM seront probablement négociables sur SIX et sur EURONEXT PARIS.

Au 31 décembre 2014, l'action HOLCIM cotait sur le SIX 71,35 CHF et l'action LAFARGE 58,08 € sur EURONEXT PARIS.

La situation des titulaires d'options de souscriptions d'actions LAFARGE, d'actions de performance LAFARGE et d'actions détenues par l'intermédiaire de fonds communs de placement d'entreprise est décrite aux points 2.7.1, 2.7.2 et 2.7.3 de la note d'information.

L'offre est soumise aux conditions suivantes :

- ✓ l'apport à l'offre doit représenter au moins deux tiers du capital social ou des droits de vote de la société,, en tenant compte de la perte des droits de vote double et des actions auto-détenues par LAFARGE et ses filiales ;

$$\text{seuil de réussite} = \frac{\text{actions LAFARGE apportées + actions auto-détenues actions}}{\text{LAFARGE existantes à la date de clôture}}$$

✓ l'approbation par l'assemblée générale d'HOLCIM de la résolution relative à l'augmentation du capital social d'un montant maximum nécessaire à l'émission des actions HOLCIM. [SCIA, qui détient 20,11% du capital social et des droits de vote, s'est engagée à voter favorablement].

Si, pour quelque raison que ce soit, la deuxième condition ne se réalisait pas, l'offre serait caduque et les actions LAFARGE apportées seraient restituées à leurs propriétaires, sans aucun intérêt ni indemnité ou tout autre paiement.

3.10 Les conséquences de la fusion pour l'emploi.

- Les postes

Le futur groupe aura un effectif d'environ 115 000 employés, en prenant en compte le transfert d'environ 15 000 employés des entités désinvesties.

Nous disposons actuellement de peu d'informations concernant l'impact de la fusion sur l'organisation et l'emploi pour les fonctions "siège". Même le simple "livre blanc", élaboré par les équipes d'intégration en 2014 et maintes fois cité comme une référence pour les études d'intégration, n'a pas été transmis au Comité d'entreprise.

Nous pouvons cependant noter que, dès avril 2014, le projet de fusion prévoyait des synergies estimés à 1,4 Md€ dont 250 M€ dans les services généraux et l'administration.

Pour le moment, cela se concrétise seulement par l'annonce d'une estimation de 380 suppressions de postes ; il s'agit d'une évaluation nette [aucune indication n'est fournie sur le nombre de postes supprimés et sur le nombre de postes créés]. De plus, il est prévu 70 modifications substantielles de postes pour des fonctions *above opérations* qui ne sont pas encore définies mais concernent non seulement Paris, mais également Lyon, Vienne, Pékin, Kuala-Lumpur, Le Caire et Montréal.

- Les mesures sociales

D'une manière générale, la Direction du Groupe LAFARGE affirme sa volonté de mettre en œuvre des mesures appropriées en privilégiant les départs volontaires, les reclassements, le développement de l'employabilité et l'accompagnement individualisé dans le cadre de négociations à venir avec les organisations représentatives.

4. CONCLUSION

Ce rapport d'expertise, établi dans le cadre du projet d'offre publique d'échange initié par HOLCIM sur les titres LAFARGE, a pour but d'aider les membres du comité d'entreprise de LAFARGE SA à émettre un avis.

Les représentants du personnel devront :

- estimer si l'offre initiée par HOLCIM, faisant en cas de réussite de l'entreprise LAFARGE SA une filiale du groupe LAFARGEHOLCIM, est bénéfique pour leur entreprise,
- apprécier si les réorganisations, non encore connues à ce jour mais se traduisant par la suppression de nombreux emplois, permettront d'en sauvegarder un plus grand nombre dans des conditions favorables,
- évaluer l'intérêt que l'offre peut représenter pour les salariés actionnaires.

La réussite de l'offre publique d'échange génère de nombreux risques, mentionnés dans les documents en notre possession, mais pour lesquels aucune information n'est apportée concernant leur évaluation [importance relative, probabilité de réalisation, impact chiffré…] ; de plus, aucun dispositif de gestion coordonnée n'est proposé au niveau de l'ensemble LAFARGE-HOLCIM.

En cas de problèmes significatifs relatifs à la qualité des actifs ou dans l'hypothèse où la situation financière et les perspectives des unités génératrices de trésorerie de LAFARGEHOLCIM viendraient à être inférieures aux valeurs comptables estimées, LAFARGEHOLCIM pourrait être amenée à comptabiliser des charges de dépréciation susceptibles d'impacter négativement ses résultats et sa situation financière avec des conséquences négatives sur l'emploi.

Sous réserve des observations ci-dessus, si les différentes synergies attendues se réalisent, l'offre serait intéressante pour LAFARGE.

Les conséquences sur l'emploi sont imprécises et alarmantes, principalement pour les fonctions centrales car, bien que ce projet soit présenté comme une "fusion entre égaux", il semble que la plupart des fonctions clés seront dévolues à des responsables issus d'HOLCIM et vraisemblablement localisées en Suisse.

Un changement d'organisation avec la mise en place de fonctions "régionales" aboutira sans doute à des fonctions centrales allégées. De plus, des différences de culture managériale semblent exister entre les deux sociétés et sont source d'inquiétude pour les salariés.

Dans l'éventualité d'un manque de liquidités des actions LAFARGE après la fusion, cette offre aurait vraisemblablement la faveur des salariés-actionnaires si elle est jugée bénéfique pour l'entreprise LAFARGE. Nous rappelons cependant que, faute d'éléments, nous ne pouvons pas porter d'appréciation sur la parité d'échange.

Jacques
BASTIANELLI

Gérard
PETROUTCHOUK