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SQUEEZE-OUT

FOR THE SHARES OF



INITIATED BY



LafargeHolcim

PRESENTED BY



UBS Securities France

LAFARGEHOLCIM LTD AND LAFARGE S.A. JOINT SQUEEZE-OUT DOCUMENT (NOTE D'INFORMATION CONJOINTE)

TERMS OF THE SQUEEZE-OUT

- Cash indemnification: EUR60 in cash for each Lafarge S.A. share (net of costs)
or
- Share indemnification: 9.45 LafargeHolcim Ltd shares to be issued for 10 Lafarge S.A. shares



Pursuant to article L. 621-8 of the French monetary and financial Code and article 237-16 of its general regulations, the Autorité des marchés financiers (the “**AMF**”) has, in accordance with the compliance decision on the squeeze-out dated 29 September 2015, affixed its visa No. 15-507 dated 29 September 2015 on this squeeze-out document (*note d'information*). This squeeze-out document has been prepared jointly by Lafarge S.A. and LafargeHolcim Ltd and engage the responsibility of its signatories.

Pursuant to Article L. 621-8 I of the French Monetary and Financial Code, the visa was granted after the AMF had ensured “*whether the document is complete and understandable, and whether the information contained in it are consistent*”. The visa does not imply either the approval on the opportunity of the transaction or the authentication of the accounting and financial elements presented.

IMPORTANT NOTICE

The squeeze-out procedure provided for by article L. 433-4 III of the monetary and financial code will be

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implemented. Lafarge S.A. shares will be transferred, on the date of implementation of the squeeze-out, to LafargeHolcim Ltd in exchange for a cash indemnification of EUR60 per Lafarge S.A. share (net of costs).

Prior to the implementation of the squeeze-out and during a period of ten (10) trading days as from the day following the availability of the information relating in particular to the legal, financial and accounting aspects of LafargeHolcim Ltd and of Lafarge S.A., LafargeHolcim Ltd proposes to the shareholders of Lafarge S.A., as an alternative to the cash indemnification proposed under the squeeze-out, an exchange option for all or part of the shares of Lafarge S.A. they hold according to an exchange ratio of nine point forty-five (9.45) newly issued shares of LafargeHolcim Ltd for ten (10) Lafarge S.A. shares. The shareholders of Lafarge S.A. who do not exercise this option during such period will be considered as having chosen the cash indemnification proposed under the squeeze-out procedure.

This squeeze-out document is available on the websites of the AMF (www.amf-france.org), LafargeHolcim Ltd (www.lafargeholcim.com) and Lafarge S.A. (www.lafarge.com). Copies of this squeeze-out document are also available free of charge upon request at:

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Switzerland

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Corporate Finance
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France

Lafarge S.A.
61, rue des Belles Feuilles
75116 Paris
France

UBS Securities France S.A.
69 Boulevard Haussmann
75008 Paris
France

In accordance with articles 231-28 and 237-16 of the general regulations of the AMF, the information relating in particular to the legal, financial and accounting aspects of LafargeHolcim Ltd and of Lafarge S.A. will be filed with the AMF and made available to the public, at the latest the day before the opening of the exchange option acceptance period, in the same manner as mentioned above.

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1 Presentation of the Squeeze-Out

Pursuant to Title III of Book II and more specifically articles 237-14 and 237-16 II of the general regulations of the AMF (the “**AMF General Regulations**”), this squeeze-out procedure follows the public exchange offer (the “**Offer**”) initiated by LafargeHolcim Ltd (formerly Holcim Ltd), a company organized under the laws of Switzerland, having its registered office at Zürcherstrasse 156, 8645 Jona, Switzerland (“**LafargeHolcim**” or the “**Offeror**”), whose shares are traded on the SIX Swiss Exchange in Zurich (“**SIX**”) and on the Euronext Paris market (*Compartiment A*) (“**Euronext Paris**”) under ISIN Code CH0012214059 (“**LafargeHolcim Shares**”), for the shares of Lafarge S.A., a *société anonyme* with a share capital of EUR1,154,022,156 as at 10 September 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 Euronext Paris (*Compartiment A*) under ISIN Code FR0000120537 (the “**Lafarge Shares**”).

It is indicated that on 28 May 2015, the AMF declared the Offer compliant with applicable legal and regulatory provisions, and accordingly published a declaration of conformity and affixed the visa number 15-226 on the offer document (*note d’information*) relating to the Offer (the “**Offer Document**”) ¹, pursuant to which LafargeHolcim undertook to exchange the Lafarge Shares according to an exchange ratio of nine (9) registered shares of LafargeHolcim, bearing current dividend rights (*portant jouissance courante*), for every ten (10) Lafarge Shares, bearing current dividend rights (*portant jouissance courante*).

The terms and conditions of the Offer are described in the Offer Document and in Lafarge’s response document (*note d’information en réponse*) on which the AMF affixed the visa number 15-227 on 28 May 2015.

Following the end of the re-opened Offer acceptance period, the AMF announced on 31 July 2015 that (i) LafargeHolcim was holding 278,131,864 Lafarge Shares representing 96.41% of the share capital and at least 95.25% of the voting rights of Lafarge ² and (ii) taking into account the 68,082 treasury shares held by Lafarge, the number of Lafarge Shares not tendered to the Offer by Lafarge shareholders represented 10,274,766 Lafarge Shares, representing 3.56% of the share capital and no more than 4.72% of the voting rights of Lafarge ³. Since the number of Lafarge Shares not tendered to the Offer did not exceed 5% of the share capital or voting rights of Lafarge, LafargeHolcim announced in a press release dated 4 August 2015, its intention to request from the AMF the implementation of a squeeze-out of the remaining Lafarge Shares.

It is specified that as at the 10 September 2015, LafargeHolcim was holding 96.40% of the share capital and at least 95.79% of the voting rights ⁴ of Lafarge.

As disclosed in the Offer Document, a scrip dividend of one (1) new LafargeHolcim share for twenty (20) existing LafargeHolcim Shares was distributed to all LafargeHolcim shareholders on 10 September 2015.

In view of the results of the Offer, and in accordance with the right it has reserved in the Offer Document, LafargeHolcim has decided to implement a squeeze-out procedure for the

¹ D&I215C0718 dated 29 May 2015.

² Based on the total number of Lafarge Shares outstanding as of 29 July 2015: 288,474,712 Lafarge Shares representing no more than 291,990,114 voting rights. The number of voting rights being an estimate taking only partially into account the loss of double voting rights attached to tendered shares.

³ D&I215C1166 dated 31 July 2015.

⁴ Based on the total number of Lafarge Shares outstanding as of 31 August 2015: 288,492,375 Lafarge Shares representing 290,344,390 voting rights, taking fully into account the loss of double voting rights attached to the Lafarge shares tendered to the Offer.

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Lafarge Shares Targeted by the Squeeze-Out (as defined in article 2.2 below) and commits irrevocably to indemnify in cash, pursuant to the terms and conditions set forth below, the shareholders of Lafarge for all Lafarge Shares Targeted by the Squeeze-Out they hold at a price of EUR60 per Lafarge Share (net of costs) (the “**Squeeze-Out**”).

Prior to the implementation of the Squeeze-Out, LafargeHolcim proposes to the shareholders of Lafarge, as an alternative to the cash indemnification proposed under the Squeeze-Out, an exchange option, pursuant to the terms and conditions set forth in article 2.3 below, for all or part of the Lafarge Shares Eligible for the Exchange Option (as defined in article 2.3.1 below) they hold and according to the same exchange ratio proposed as part of the Offer, adjusted to take into account the distribution of the scrip dividend, *i.e.* nine point forty-five (9.45) newly issued shares of LafargeHolcim, bearing current dividend rights (*portant jouissance courante*), for ten (10) Lafarge Shares Eligible for the Exchange Option, bearing current dividend rights (*portant jouissance courante*) (the “**Exchange Ratio**”). The shareholders of Lafarge who will not have exercised this option during such period (according to the procedure described in article 2.3.2 below) will be automatically considered as having chosen the cash indemnification proposed under the Squeeze-Out.

In view of the Squeeze-Out, Société Générale and UBS Securities France S.A. (“**UBS Securities**”), as presenting banks of the Squeeze-Out, prepared a valuation of the Lafarge Shares. In addition, on 28 July 2015 the board of directors of Lafarge appointed, in accordance with the provisions of article 261-1 II of the AMF General Regulations, Accuracy, represented by Mr. Bruno Husson and Mr. Henri Philippe, as independent expert, in order to deliver a report including a fairness opinion (*attestation d'équité*) on the financial conditions of the cash indemnification of the Squeeze-Out.

The valuation report of the presenting banks and the report of the independent expert are fully included hereafter in articles 4 and 5 of this squeeze-out document.

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2 Terms and Conditions of the Squeeze-Out

Pursuant to article 231-13 of the AMF General Regulations, Société Générale and UBS Securities, acting on behalf of the Offeror, filed a draft squeeze-out document with the AMF on 14 September 2015. Société Générale guarantees the terms and the irrevocable nature of the undertakings made by the Offeror in connection with the squeeze-out.

A notice of filing was published by the AMF on its website on 14 September 2015 (number 215C1297). In accordance with the provisions of article 231-16 of the AMF General Regulations, a press release including the main elements of the draft squeeze-out document and setting forth the means by which the draft squeeze-out document has been made available by LafargeHolcim and Lafarge, was published jointly by LafargeHolcim and Lafarge on 14 September 2015. The draft squeeze-out document was also available on the website of the AMF, LafargeHolcim and Lafarge.

The AMF has published on its website a formal statement of compliance regarding the squeeze-out, after having assured itself of the compliance of the squeeze-out with applicable legal and regulatory provisions. This declaration of conformity includes the visa for this squeeze-out document. Pursuant to article 237-18 of the AMF General Regulations, the declaration of conformity indicates the date on which it will become effective, and on such date it will be implemented in consideration for a cash indemnification of the holders of Lafarge Shares subject to the Squeeze-Out.

The squeeze-out document having received the visa of the AMF and the information regarding the legal, financial and accounting characteristics of LafargeHolcim and of Lafarge are, in compliance with articles 237-16 II, 231-27 and 231-28 of the AMF General Regulations, made available free of charge at the registered offices of Société Générale, UBS Securities, LafargeHolcim and Lafarge. These documents are also available on the website of LafargeHolcim, Lafarge and the AMF.

A press release setting forth the means by which these documents are made available by LafargeHolcim and Lafarge, will be published by LafargeHolcim and Lafarge.

2.1 Terms of the Squeeze-Out

Subject to the provisions of article 2.3 below, the Lafarge Shares Targeted by the Squeeze-Out (as defined in article 2.2 below), will be transferred (whatever the country of residence of the holder of such shares), on the date of implementation of the Squeeze-Out to be determined by the AMF, to the Offeror in exchange for a cash indemnification of EUR 60 per Lafarge Share (net of costs).

On the date of implementation of the Squeeze-Out, Lafarge Shares will be delisted from Compartment A of Euronext Paris. The amount of the cash indemnification, i.e., EUR 60 per Lafarge Share (net of costs), will be paid on that date by the Offeror into a blocked account opened for this purpose with BNP Paribas Securities Services ("**BP2S**") which will centralise the indemnification transactions.

Following completion of the Squeeze-Out, Euroclear France will close the ISIN Code FR0000120537 of the Lafarge Shares together with the accounts of the affiliates and will provide them with a certificate indicating the balance (*attestation de solde*).

Upon presentation of such certificates, BP2S will transfer to the financial intermediaries holding securities accounts (*dépositaires teneurs de comptes*) the cash indemnification due, and the latter will credit the account of the relevant former Lafarge shareholders concerned by the Squeeze-Out, subject to specific rules applicable to the former holders of

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Lafarge Shares acquired through the LEA group savings plans (as described in article 2.4.4 below).

Pursuant to the provisions of article 237-6 of the AMF General Regulations, unallocated funds for indemnification of the Lafarge Shares Targeted by the Squeeze-Out (in accordance with article 2.2 below) will be kept by BP2S for ten years as from the date of implementation of the Squeeze-Out and transferred to the *Caisse des dépôts et consignations* upon expiry of this period. These funds will be kept available to the legal beneficiaries but will however be subject to the thirty-year limitation period, after which they will be transferred to the French State.

Pursuant to article 237-7 of the AMF General Regulations, a notice will be published by BP2S in a national daily newspaper specialised in economy and finance each year, throughout the entire period during which BP2S holds the funds, inviting the non-indemnified former Lafarge shareholders to exercise their rights.

If BP2S pays out all of the frozen funds corresponding to the cash indemnification payable, an appropriate announcement will be published by BP2S in a national daily newspaper specialised in economy and finance. Publication of the aforementioned annual notice will then no longer be required.

2.2 Number and Type of Lafarge Shares Targeted by the Squeeze-Out

The Squeeze-Out targets all Lafarge Shares that will be existing and outstanding two (2) trading days immediately preceding the implementation date of the Squeeze-Out except for:

- Lafarge Shares that will be held by LafargeHolcim and Lafarge on that day (i.e., respectively 278,131,864 and 68,082 Lafarge Shares as at the date on which this squeeze-out document was filed);
- Lafarge Shares tendered to the Exchange Option in accordance with article 2.3 below; and
- Lafarge Shares which are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 pursuant to the Liquidity Mechanism (as defined in article 2.4.5);

(such Lafarge Shares targeted by the Squeeze-Out being referred to as the “**Lafarge Shares Targeted by the Squeeze-Out**”).

2.3 Characteristics of the Exchange Option

Prior to the implementation date of the Squeeze-Out, shareholders of Lafarge may decide, subject to the terms and conditions described in this article 2.3, to opt for a share alternative option during the Exchange Option Exercise Period (as defined in article 2.3.2 below) for all or part of the Lafarge Shares Eligible for the Exchange Option they hold, pursuant to which they will receive nine point forty-five (9.45) newly issued shares of LafargeHolcim, bearing current dividend rights (*portant jouissance courante*), for ten (10) Lafarge Shares Eligible for the Exchange Option, bearing current dividend rights (*portant jouissance courante*), according to the Exchange Ratio (the “**Exchange Option**”). In such event, they will not receive the cash indemnification specified in article 2.1 above for the Lafarge Shares Eligible for the Exchange Option effectively tendered to the Exchange Option. The shareholders of Lafarge who will not have exercised such Exchange Option within the Exchange Option Exercise Period (as defined in article 2.3.2 below) will automatically receive the cash indemnification proposed under the Squeeze-Out.

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2.3.1 Lafarge Shares Eligible for the Exchange Option

The Exchange Option is open to all Lafarge Shares held (i) by Lafarge shareholders in France and Canada, and (ii) by "qualified institutional buyers" or "QIBs" (as defined in Rule 144A of the United States Securities Act of 1933) in the United States who execute and return an investor letter (see article 2.3.8 below), except for:

- Lafarge performance shares granted under the 2011 and the 2012 Lafarge performance shares plans (see article 2.4.2 below for details about such plans) and which are the subject of a 2-year holding period (which will still be ongoing during the Exchange Option Exercise Period (as defined in article 2.3.2 below); and
- Lafarge Shares that are directly held through the Lafarge LEA group savings plan;

(such Lafarge Shares eligible for the Exchange Option being referred to as the "**Lafarge Shares Eligible for the Exchange Option**").

2.3.2 Procedure to exercise the Exchange Option

Lafarge Shares Eligible for the Exchange Option tendered to the Exchange Option 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 share tendered which does not comply with this condition.

The Exchange Option may be exercised during a period of ten (10) trading days as from the day following the availability of the information relating in particular to the legal, financial and accounting aspects of LafargeHolcim and of Lafarge (the "**Exchange Option Exercise Period**"). The shareholders of Lafarge who will not have exercised the Exchange Option during such period (according to the procedure described in this article 2.3.2) will be automatically considered as having chosen the cash indemnification proposed under the Squeeze-Out.

Holders of Lafarge Shares Eligible for the Exchange Option which are under the pure nominative form (*nominatif pur*) who wish to exercise the Exchange Option are invited to download the application form directly on the website of Lafarge SA visiting the "Individual Shareholders" section (<http://www.lafarge.com/en/individual-shareholders>). They will be required to print the application form, to complete it by entering the shareholder number (No. NCC) and send it by post to BP2S (at the address indicated on it) which will maintain the sub-register of the share register of the Offeror, until the last day of the Exchange Option Exercise Period at the very latest.

Holders of Lafarge Shares Eligible for the Exchange Option which are either held under administered nominative form (*nominatif administré*) or bearer form (*au porteur*) with a financial intermediary (a credit institution, an investment company, etc.) and who wish to exercise the Exchange Option should provide an irrevocable instruction to their financial intermediary to exchange such shares, in accordance with the standard forms provided by their financial intermediary, in a timely manner so that their order can be executed. Lafarge administered shareholders and bearer shareholders should consult with their own financial intermediary in this respect.

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Lafarge shareholders participating in the Exchange Option will be able to receive their LafargeHolcim Shares in the same form as they currently hold their Lafarge Shares (pure registered form, administered registered form or bearer form).

The holders of loyalty bonus Lafarge Shares Eligible for the Exchange Option (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 exercise the Exchange Option under the same conditions as the holders of ordinary Lafarge Shares Eligible for the Exchange Option.

The new LafargeHolcim Shares will be created by means of capital increase by way of a contribution in kind through UBS AG (acting in the name and on behalf of the shareholders of Lafarge who have exercised the Exchange Option) of the Lafarge Shares Eligible for the Exchange Option tendered to the Exchange Option.

The Lafarge shareholders having tendered to the Exchange Option their Lafarge Shares Eligible for the Exchange Option accept that, within the context of the capital increase of LafargeHolcim, UBS AG, as Swiss exchange agent, will undertake the contributions in kind of such shares and the subscription of the LafargeHolcim Shares acting in the name and on behalf of the Lafarge shareholders who have exercised the Exchange Option. Each Lafarge shareholder exercising the Exchange Option will accordingly be deemed to have authorized UBS AG, to contribute the shares tendered to the Exchange Option and to subscribe for the new LafargeHolcim Shares acting in the name and on behalf of the Lafarge shareholders having exercised such option and to take other necessary or advisable action in their name and on their behalf to effect the exchange.

2.3.3 Centralisation of the Orders

Each financial intermediary shall transfer to BP2S the Lafarge Shares Eligible for the Exchange Option for which it has received the exchange order within a period of two (2) trading days as from the end of the Exchange Option Exercise Period. Only ordinary Lafarge Shares Eligible for the Exchange Option (ISIN FR0000120537) shall be transferred to the centralisation of the Exchange Option monitored by BP2S. As a consequence, the other classes of shares, including the loyalty bonus Lafarge Shares Eligible for the Exchange Option, will be subject to an ISIN code conversion by such financial intermediaries into ordinary Lafarge Shares Eligible for the Exchange Option.

After receipt by BP2S of all orders for exchanging pursuant to the Exchange Option in the conditions described above, BP2S will centralise all of the orders and determine the total number of shares tendered to the Exchange Option.

2.3.4 Settlement and Delivery of the Exchange Option

The settlement and delivery shall take place after (i) the completion of the centralisation by BP2S of the Lafarge Shares Eligible for the Exchange Option tendered to the Exchange Option and (ii) the registration in accordance with Swiss law of the LafargeHolcim Shares to be issued as consideration for such shares tendered to the Exchange Option with the commercial register of St. Gallen in Switzerland.

The following steps will be taken for settlement of the Exchange Option:

- once the Lafarge Shares Eligible for the Exchange Option tendered to the Exchange Option have been centralised by BP2S, and confirmation thereof

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has been obtained by LafargeHolcim from BP2S, LafargeHolcim will issue new LafargeHolcim Shares as consideration for such shares tendered to the Exchange Option;

- the issuance of these LafargeHolcim Shares will be subject to, and become effective upon, registration of the capital increase with the commercial register of St. Gallen in Switzerland;
- the LafargeHolcim Shares will be transferred to BP2S, which will transfer such LafargeHolcim Shares to each of the Lafarge shareholders having exercised the Exchange Option, and correlatively, the Lafarge Shares Eligible for the Exchange Option tendered to the Exchange Option will be transferred by BP2S to LafargeHolcim's securities account opened in Lafarge's share register.

By exercising the Exchange Option, the Lafarge shareholders having exchanged their Lafarge Shares Eligible for the Exchange Option pursuant to the Exchange Option accept that such shares will be contributed to LafargeHolcim in exchange for LafargeHolcim Shares. By sending an order to exchange their shares pursuant to the Exchange Option, each Lafarge shareholder will be deemed to have authorised UBS AG, or another intermediary acting on their name and on their behalf, to contribute the Lafarge Shares Eligible for the Exchange Option tendered to the Exchange Option to LafargeHolcim and to take all other necessary or advisable action on their name and on their behalf to effect the exchange.

No interest will be due for the period from the exercise of the Exchange Option until the date of settlement of the Exchange Option.

2.3.5 Treatment of Fractional Shares

No fractional LafargeHolcim Shares will be issued in connection with the Exchange Option. As a consequence, LafargeHolcim will not deliver fractional shares to the Lafarge shareholders. The Lafarge shareholders who exercised the Exchange Option for a number of Lafarge Shares Eligible for the Exchange Option which does not entitle them to a whole number of LafargeHolcim Shares will be considered as having expressly agreed to participate in the mechanism to resell fractional LafargeHolcim Shares described below for the fractional LafargeHolcim Shares to which they are entitled.

Following the end of the Exchange Option Exercise Period, an authorized intermediary designated by LafargeHolcim will set up a mechanism to resell fractional LafargeHolcim Shares on behalf of Lafarge shareholders who exercised the Exchange Option for a number of Lafarge Shares Eligible for the Exchange Option which does not allow them to receive a whole number of LafargeHolcim Shares.

BP2S will aggregate the fractional LafargeHolcim Shares in order to obtain a whole number of LafargeHolcim Shares (their number being rounded up to the next unit) and will deliver those to the authorized intermediary designated by LafargeHolcim which will sell them on the market on behalf of the Lafarge shareholders participating in this resale mechanism no later than two (2) trading days following the issuance of the new LafargeHolcim Shares. 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* their participation in this mechanism, it being noted that

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LafargeHolcim will bear the cost of the brokerage fees payable to an authorized intermediary designated by LafargeHolcim for the purpose 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 LafargeHolcim 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 exchanges 15 Lafarge Shares Eligible for the Exchange Option pursuant to the Exchange Option, the Lafarge shareholder will receive 14 LafargeHolcim Shares ($15 \times 0.945 = 14.175$) and the proceeds of the sale in cash of the 0.175 fractional LafargeHolcim Share;
- in the event that a Lafarge shareholder exchanges 5 Lafarge Shares Eligible for the Exchange Option pursuant to the Exchange Option, the Lafarge shareholder will receive 4 LafargeHolcim Shares ($5 \times 0.945 = 4.725$) and the proceeds of the sale in cash of the 0.725 fractional LafargeHolcim Share.

2.3.6 Number and Origin of the LafargeHolcim Shares to be Issued for the Purpose of the Exchange Option

- (i) Maximum Number of LafargeHolcim Shares to be Issued for the Purpose of the Exchange Option

The maximum number of LafargeHolcim Shares that may be issued for the purpose of the Exchange Option shall be 9,696,269⁵ LafargeHolcim Shares, each with a par value of CHF2.00 bearing current dividend rights (*portant jouissance courante*).

- (ii) Origin of the LafargeHolcim Shares to be Issued for the Purpose of the Exchange Option

The LafargeHolcim shareholders' meeting of 8 May 2015 approved an authorized share capital of up to 132,118,700 LafargeHolcim Shares allowing the LafargeHolcim Board of Directors to issue LafargeHolcim Shares in exchange for Lafarge Shares Eligible for the Exchange Option.

The issuance of LafargeHolcim Shares in exchange for the Lafarge Shares Eligible for the Exchange Option tendered to the Exchange Option only becomes effective upon and subject to the registration of the amended articles of association of LafargeHolcim and of the relevant share capital increase with the commercial register of St. Gallen, Switzerland (as further provided in article 2.9.2 of the Offer Document). As a consequence, the

⁵ On the basis of 10,260,603 remaining Lafarge Shares Targeted by the Exchange Option (excluding 278,131,864 Lafarge Shares held by LafargeHolcim, 44,990 Lafarge performance shares and 68,082 treasury shares held by Lafarge) which could be increased by:

- 1,421,337 Lafarge Shares which may be issued following the exercise of Lafarge stock options and which are in the money as at the date of this squeeze-out document (excluding those which will be subject of a liquidity agreement); it being specified that the tender of Lafarge Shares to the Exchange Option following the exercise of stock options granted under the 2012 plan (i.e. 348,304 stock options as at 8 September 2015) will not benefit, as specified under article 2.8.2, from the favourable tax and social regime, since such a transfer would be made in violation of the four-year vesting period; and
- 3,324,415 Lafarge Shares which may be issued following the exercise of stock options and which, as at the date of this squeeze-out document, are out of the money (excluding those which will be subject of a liquidity agreement).

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new LafargeHolcim Shares to be issued for the purpose of the Exchange Option shall be delivered to Lafarge shareholders once such registration has been completed.

2.3.7 Characteristics of the LafargeHolcim Shares

(i) New Securities, Number, Type and Par Value of the Securities

The maximum number of LafargeHolcim Shares that can be issued for the purpose of the Exchange Option shall be 9,696,269⁶ LafargeHolcim Shares, each with a par value of CHF2.00 bearing current dividend rights (*portant jouissance courante*). Application has been made for the LafargeHolcim Shares to be issued in the context of the Exchange Option, each to be admitted to listing and trading on the SIX and Euronext Paris at the end of the settlement of the Exchange Option at the latest.

(ii) Characteristics of the LafargeHolcim Shares

Shareholders of Lafarge should refer to articles 2.5.3 (*Characteristics of the Holcim Shares Issued in the Offer*) and 2.5.4 (*Transferability and Tradability of the Holcim Shares Issued in the Context of the Offer – Listing*) of the Offer Document for details about the LafargeHolcim Shares.

The shareholders of Lafarge who tender their Lafarge Shares Eligible for the Exchange Option to the Exchange Option will become shareholders of LafargeHolcim, 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 prepared by LafargeHolcim and registered with the AMF on 11 May 2015 under number I.15-034 (the "**Registration Document**") for a comparison of the rights attached to Lafarge Shares and to LafargeHolcim Shares and a description of the rights attached to LafargeHolcim Shares.

2.3.8 Restrictions Applicable to the Exchange Option Outside France

The Exchange Option is made exclusively in France, except as otherwise provided below. Accordingly, this squeeze-out document is not to be distributed in any country other than France, except as otherwise provided below.

The Exchange Option, the exercise of the Exchange Option, and the exchange of Lafarge Shares Eligible for the Exchange Option for LafargeHolcim Shares, may, in certain countries, be the subject of specific regulations or restrictions. The

⁶ On the basis of 10,260,603 remaining Lafarge Shares Targeted by the Exchange Option (excluding 278,131,864 Lafarge Shares held by LafargeHolcim, 44,990 Lafarge performance shares and 68,082 treasury shares held by Lafarge) which could be increased by:

- 1,421,337 Lafarge Shares which may be issued following the exercise of Lafarge stock options and which are in the money as at the date of this squeeze-out document (excluding those which will be subject of a liquidity agreement); it being specified that the tender of Lafarge Shares to the Exchange Option following the exercise of stock options granted under the 2012 plan (i.e. 348,304 stock options as at 8 September 2015) will not benefit, as specified under article 2.8.2, from the favourable tax and social regime, since such a transfer would be made in violation of the four-year vesting period; and
- 3,324,415 Lafarge Shares which may be issued following the exercise of stock options and which, as at the date of this squeeze-out document, are out of the money (excluding those which will be subject of a liquidity agreement).

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Exchange Option has not been registered or approved outside France and no action will be taken to register or approve it abroad.

This squeeze-out document, and any other document related to the Exchange Option, 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 Exchange Option except as otherwise provided below with respect to “qualified institutional buyers” or “QIBs” in the United States and holders of Lafarge Shares in Canada.

Persons coming into possession of this squeeze-out 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. Neither the Offeror nor the Company shall have any liability in the event of breach by any person of the local rules and restrictions applicable to such person.

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

United States

The LafargeHolcim Shares offered in the Exchange Option 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 LafargeHolcim Shares offered in the Exchange Option are being offered in exchange for existing Lafarge Shares Eligible for the Exchange Option (a) in the United States by LafargeHolcim 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 LafargeHolcim Shares in the Exchange Option to “qualified institutional buyers” or “QIBs” by LafargeHolcim, as set forth in the preceding sentence:

- Lafarge shareholders in the United States may not tender their shares or American Depositary Shares in the Exchange Option.
- No communication relating to the Exchange Option or invitation to participate in the Exchange Option 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 Exchange Option 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 Eligible for the Exchange Option for

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LafargeHolcim Shares and wishing to hold such LafargeHolcim Shares in registered form must provide an address for registration of the LafargeHolcim Shares that is outside the United States.

- At the time of a person's decision to tender Lafarge Shares Eligible for the Exchange Option and elect the Exchange Option, a person receiving this squeeze-out document will be deemed to represent that (i) he or she did not receive in the United States of America a copy of this squeeze-out document, any other document or document relating to the Exchange Option of the LafargeHolcim 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 LafargeHolcim 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 after the distribution of LafargeHolcim Shares in exchange for existing Lafarge Shares Eligible for the Exchange Option, an offer to sell or a sale of LafargeHolcim Shares within the United States by a dealer (whether or not it is participating in this Exchange Option) may violate the registration requirements of the Securities Act.

Canada

The making of the Exchange Option 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 Exchange Option 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 Exchange Option 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 Exchange Option 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 Exchange Option in their particular circumstances.

Canadian Lafarge shareholders that wish to accept the Exchange Option should carefully follow the procedures set forth in this squeeze-out document and the related materials provided in connection with the Exchange Option. Canadian Lafarge shareholders that own their Lafarge Shares Eligible for the Exchange

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Option 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 Exchange Option.

Any resale of the LafargeHolcim Shares received as consideration in the Exchange Option 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 LafargeHolcim Shares, both within and outside Canada.

Any discussion of taxation and related matters contained within this squeeze-out document and the related materials provided in connection with the Exchange Option does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to accept the Exchange Option 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 Exchange Option in their particular circumstances and with respect to the eligibility of the LafargeHolcim Shares for investment under relevant Canadian federal and provincial legislation and regulations.

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

Information relating to the Lafarge stock options, Lafarge performance shares and Lafarge Shares held in employee funds is included in the Lafarge *Document de Référence* filed with the AMF on 23 March 2015 under number D.15-0190 (the “**Lafarge Reference Document**”). Updated information as at 8 September 2015 has been further provided by Lafarge to LafargeHolcim.

2.4.1 Situation of Holders of Lafarge Stock Options

Each of the outstanding Lafarge stock options gives right to one share of Lafarge and is no longer subject to a vesting period (subject to applicable performance and presence conditions).

To LafargeHolcim’s knowledge, a total of 4,745,752 Lafarge stock options were outstanding as of 8 September 2015.

The table below summarizes the main characteristics of the Lafarge stock options as of 8 September 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 shares	Newly-issued shares	Newly-issued shares	Newly-issued shares	Newly-issued shares

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	2005 Plan	2006 Plan (1)	2006 Plan (2)	2007 Plan	2008 Plan
Total number of shares that could be subscribed	1,466,294	768,626	171,980	621,865	819,487
Duration of the options (<i>in years</i>)	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 (<i>in EUR</i>)	62.78	84.42	84.42	110.77	96.18
Total number of outstanding Lafarge stock options as at 8 September 2015	1,196,992	707,458	150,410	540,883	728,672

	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 (<i>in years</i>)	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 (<i>in EUR</i>)	30.74	51.30	44.50	36.00
Total number of outstanding Lafarge stock options as at 8 September 2015	288,183	429,286	355,564	348,304

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Subject to applicable performance and presence conditions, the Lafarge stock options granted under the 2005, 2006 (1), 2006 (2), 2007, 2008, 2009, 2010, 2011 and 2012 plans are vested as at the date of this squeeze-out document. Lafarge Shares issued following the exercise of such Lafarge stock options will be:

- targeted by the Squeeze-Out if the exercise of such Lafarge stock options occurs at the latest two (2) trading days immediately preceding the implementation date of the Squeeze-Out; and/or
- subject to the restrictions set out in article 2.3.1, eligible for the Exchange Option if the exercise of such Lafarge stock options occurs before the closing of the Exchange Option Exercise Period.

2.4.2 Situation of Holders of Lafarge Performance Shares

Lafarge has set up 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.

Lafarge performance shares definitely allotted to the beneficiaries will be:

- targeted by the Squeeze-Out, unless they are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 pursuant to the Liquidity Mechanism (as far as Lafarge performance shares definitely allotted to beneficiaries are concerned, only those that are still the subject of a holding period on the implementation date of the Squeeze-Out may be covered by the Liquidity Mechanism), and/or
- subject to the restrictions set out in article 2.3.1, eligible for the Exchange Option provided that they are no longer subject to a holding period.

If certain of the Lafarge performance shares 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 Squeeze-Out, unless they are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 pursuant to the Liquidity Mechanism, and/or
- subject to the restrictions set out in article 2.3.1, eligible for the Exchange Option if they become transferable before the closing of the Exchange Option Exercise Period, unless they are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 pursuant to the Liquidity Mechanism.

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.

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As of 8 September 2015, a total of 1,075,853 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 8 September 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					
<i>French tax residents</i>	15/03/14	12/05/14	17/03/15	15/03/16	14/03/17
<i>Non-French tax residents</i>	15/03/15	N/A	15/03/16	14/03/17	12/03/18
Date Lafarge performance shares can be transferred					
<i>French tax residents</i>	15/03/16	12/05/16	17/03/17	16/03/18	15/03/19
<i>Non-French tax residents</i>	15/03/15	N/A	15/03/16	14/03/17	13/03/18
Lafarge performance shares outstanding as at 8 September 2015	17,946	10	196,707	543,105	318,085

2.4.3 Shares Held in Employee Funds

The supervisory board of the FCPE LafargeHolcim (formerly FCPE Lafarge 2000) decided on 8 June 2015 to tender its Lafarge Shares to the Offer. As a result of the completion of the Offer, it no longer holds any Lafarge Share.

2.4.4 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**") will receive the cash indemnification proposed under the Squeeze-Out, and are not eligible, for those Lafarge Shares, to the Exchange Option.

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For Lafarge shareholders who are not French residents, such cash indemnification will be credited to their respective account.

For Lafarge shareholders who are French residents:

- with respect to all pre-2011 LEA Plans, such cash indemnification may, at their sole discretion, be credited to their respective account (upon request) or reinvested in whole or in part in units of the FCPE Lafarge Placement Monétaire; further detail may be obtained from their account holder; and
- with respect to the 2011 LEA Plan, such cash indemnification must be reinvested in whole in units of the FCPE Lafarge Placement Monétaire until the end of the remaining duration of the applicable lock-up period (subject to the occurrence of early release events).

2.4.5 Liquidity Mechanism

The purpose of the liquidity mechanism is to offer to certain Lafarge shareholders the right to enter into a liquidity agreement with LafargeHolcim, providing for irrevocable undertakings from LafargeHolcim, on the one hand, and Lafarge shareholders entering into this agreement, on the other hand, during a defined period of time and under certain conditions, (i) to exchange certain Lafarge Shares they hold or will hold for LafargeHolcim Shares based on the Exchange Ratio (as amended from time to time to take into account certain transactions impacting the capital or the equity of Lafarge or LafargeHolcim) or (ii) to sell such Lafarge Shares to LafargeHolcim for a cash amount determined on the basis of the countervalue of the LafargeHolcim Share and the Exchange Ratio (as amended from time to time to take into account certain transactions impacting the capital or the equity of Lafarge or LafargeHolcim) (the “**Liquidity Mechanism**”).

Since 11 September 2015, employees and corporate officers (current and former) of the Lafarge group who are tax residents in France have the opportunity to enter into a liquidity agreement with LafargeHolcim to exchange (i) the Lafarge Shares that may be issued following the exercise of Stock Options after the implementation date of the Squeeze-out and (ii) the Lafarge performance shares for which the vesting or holding period will still be ongoing on the implementation date of the Squeeze-Out for LafargeHolcim Shares under the conditions described above. The deadline for adhering to the liquidity agreement is 4 October 2015.

After the implementation of the Squeeze-Out and depending on applicable local restrictions, LafargeHolcim will put in place liquidity agreements with the employees and corporate officers (current and former) of the Lafarge group that are not tax residents in France for (i) the Lafarge Shares that may be issued following the exercise of Stock-Options on or after the last trading day preceding the implementation date of the Squeeze-Out and (ii) the Lafarge performance shares that may be definitively allotted on or after the implementation date of the Squeeze-Out. The decision to offer LafargeHolcim shares or cash in the same conditions as those described above (subject to applicable local restrictions) will be made by LafargeHolcim before such agreements will be proposed.

2.5 Agreements which may have an influence on the squeeze-out

With the exception of the Liquidity Mechanism, LafargeHolcim is not aware of any other agreements that could have a significant impact on the transfer of the Lafarge Shares in the context of the squeeze-out.

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2.6 Indicative Timetable of the Squeeze-out and the Exchange Option

This timetable is tentative. The final timetable will be released by the AMF.

14 September 2015	Filing of the draft joint squeeze-out document with the AMF (<i>Projet de Note d'Information conjointe</i>)
29 September 2015	Publication of the declaration of conformity of the squeeze-out by the AMF with approval of the draft joint squeeze-out document
From 29 September 2015	Availability to the public of the joint squeeze-out document and the other information documents relating to the legal, financial and accounting situations of LafargeHolcim and of Lafarge
30 September 2015	Publication of a joint press release announcing the availability of the joint squeeze-out document and the other information documents relating to the legal, financial and accounting situations of LafargeHolcim and of Lafarge
1 October 2015	Opening of the Exchange Option Exercise Period
14 October 2015	Closing of the Exchange Option Exercise Period
21 October 2015	Issuance of new LafargeHolcim Shares as consideration for the Lafarge Shares tendered to the Exchange Option
23 October 2015	Implementation of the Squeeze-Out Delisting of the Lafarge Shares from Euronext Paris Delivery of new LafargeHolcim Shares to financial intermediaries of Lafarge shareholders having exercised the Exchange Option
From 23 October 2015	Payment of proceeds of the sale of fractional shares

2.7 Financing of the Squeeze-Out

The maximum amount of the cash indemnification to be paid by LafargeHolcim for the transfer of Lafarge Shares Targeted by the Squeeze-Out is EUR 618.335.580⁷, before miscellaneous fees and commissions. The payment of this amount will be financed out of cash by LafargeHolcim (and/or other available funding sources). Such amount may be reduced depending on the number of Lafarge Shares Eligible for the Exchange Option tendered to the Exchange Option.

2.8 Tax Treatment of the Squeeze-Out and of the LafargeHolcim Shares Received in Exchange for Lafarge Shares Eligible for the Exchange Option

The description of the French and Swiss tax treatment of the Squeeze-Out summarized below is based on the laws as currently in force. However, such laws may be modified by

⁷ On the basis of 10,305,593 remaining Lafarge Shares Targeted by the Squeeze-Out (excluding the 278,131,864 Lafarge Shares held by LafargeHolcim and the 68,082 treasury shares held by Lafarge) which could be increased by:

- 1,421,337 Lafarge Shares which may be issued following the exercise of Lafarge stock options and which are in the money as at the date of this squeeze-out document (excluding those which will be subject of a liquidity agreement); it being specified that the transfer of Lafarge Shares in the context of the Squeeze-Out following the exercise of stock options granted under the 2012 plan (i.e. 348,304 stock options as at 8 September 2015) will not benefit, as specified under article 2.8.2, from the favourable tax and social regime, since such a transfer would be made in violation of the four-year vesting period; and
- 3,324,415 Lafarge Shares which may be issued following the exercise of stock options and which, as at the date of this squeeze-out document, are out of the money (excluding those which will be subject of a liquidity agreement).

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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. 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 who are not residents of France or Switzerland 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.

2.8.1 Swiss Tax Treatment of the Squeeze-Out

(i) Swiss Tax Treatment of the Squeeze-Out in case of an indemnification in cash

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

The following individual and corporate income tax consequences will likely result for shareholders of Lafarge who are resident in Switzerland for tax purposes:

- Pursuant to general principles of Swiss income taxation, shareholders holding their Lafarge shares as private assets (*Privatvermögen*) may realize either a tax-free private capital gain or suffer a non-tax-deductible capital loss, unless the shareholder classifies as a professional securities dealer (*gewerbsmässiger Wertschriftenhändler*).
- Shareholders holding their Lafarge Shares as business assets (*Geschäftsvermögen*) or qualifying as professional securities dealer (*gewerbsmässiger Wertschriftenhändler*) realize either a taxable capital gain or a tax-deductible capital loss depending on the relevant income tax value of their Lafarge shares pursuant to general principles of Swiss individual and corporate income taxation.

The compensation paid to the shareholders of Lafarge in connection with the Squeeze-Out may be subject to Swiss securities transfer stamp duty (*Umsatzabgabe*) at an aggregate tax rate of up to 0.30%, subject to certain exemptions provided for in the Swiss Federal Stamp Tax Act.

(ii) Swiss Tax Treatment of the Squeeze-Out in case of an election of the Exchange Option

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

The following individual and corporate income tax consequences will likely result for shareholders of Lafarge who are resident in Switzerland for tax purposes:

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- The exchange of Lafarge Shares for LafargeHolcim Shares within the context of the Exchange Option is not 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 LafargeHolcim Shares within the context of the Exchange Option is not 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*) or Swiss resident corporate shareholders provided the LafargeHolcim Shares will carry over the (tax) book value of the Lafarge Shares.
- The exchange of Lafarge Shares for LafargeHolcim Shares within the context of the Exchange Option is not subject to Swiss withholding tax.

Any Swiss securities transfer stamp duty (*Umsatzabgabe*) that may be charged in connection with the compensation paid to the shareholders of Lafarge will be borne by LafargeHolcim.

The exchange of Lafarge Shares for LafargeHolcim Shares, the contribution of the Lafarge Shares to the share capital and the reserves from capital contributions of LafargeHolcim and the issuance of the LafargeHolcim Shares in the course of the capital increase within the context of the Exchange Option are exempt from Swiss one-time issuance stamp duty (*Emissionsabgabe*) and the Swiss securities transfer stamp duty (*Umsatzabgabe*).

- (iii) Swiss Tax Treatment Applicable to the LafargeHolcim Shares Received in Exchange for Lafarge Shares in the Squeeze-Out
 - (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 LafargeHolcim shareholders to decide (at a general meeting) whether to distribute a dividend out of Qualifying Reserves free of

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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 LafargeHolcim, 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, LafargeHolcim may only pay out 65% of the gross amount of any dividend and similar distributions to the holders of LafargeHolcim 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 LafargeHolcim Shares by LafargeHolcim may under certain circumstances (in particular, if the LafargeHolcim 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 LafargeHolcim Shares.

Swiss resident beneficiaries of taxable dividends and similar distributions in respect of LafargeHolcim 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,

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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

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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 LafargeHolcim 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 LafargeHolcim 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 LafargeHolcim 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 will not be subject to federal, cantonal and communal income tax.

Swiss resident individuals holding LafargeHolcim 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

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establishment or a fixed place of business in Switzerland are required to include all taxable distributions received on LafargeHolcim 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 LafargeHolcim Shares as part of a Swiss permanent establishment or legal entities resident in Switzerland are required to include all taxable distributions received on LafargeHolcim 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 cooperative holding LafargeHolcim Shares as part of a Swiss permanent establishment, may, under certain circumstances, benefit from taxation relief with respect to distributions (*Beteiligungsabzug*), provided such LafargeHolcim 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 LafargeHolcim 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 LafargeHolcim 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 LafargeHolcim 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.

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(f) Taxes on capital gains upon disposal of LafargeHolcim 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 LafargeHolcim 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 LafargeHolcim 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 LafargeHolcim 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 LafargeHolcim Shares repurchased are not sold within a six-year period or if the LafargeHolcim Shares are repurchased for a capital reduction.

Capital gains realized by an individual on LafargeHolcim 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 LafargeHolcim Shares realized by corporations resident in Switzerland for tax purposes or foreign corporations holding LafargeHolcim 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 LafargeHolcim Shares as part of a Swiss permanent establishment, may, under certain circumstances, benefit from taxation relief on capital gains realized upon the disposal of LafargeHolcim Shares (*Beteiligungszug*), provided such LafargeHolcim 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

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participation relief, provided the fair market value of the LafargeHolcim 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 LafargeHolcim 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 LafargeHolcim Shares

The transfer of any LafargeHolcim Shares may be subject to Swiss securities transfer duty (*Umsatzabgabe*) at a current rate of up to 0.30% if such transfer occurs through or with a Swiss or Liechtenstein bank or securities dealer as defined in the Swiss federal stamp tax act.

2.8.2 French Tax Treatment of the Squeeze-Out

(i) French Tax Treatment of the Squeeze-Out in case of an indemnification in cash

(a) 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 their Lafarge Shares acquired in the frame of a company or group savings plan – *plan d'épargne d'entreprise ou de groupe*)

(l) 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)

Net capital gains realized upon the transfer of Lafarge Shares in the context of the Squeeze-Out procedure 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 French tax code (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.

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In addition, and without the application of any rebate, capital gains arising on the transfer of the Lafarge Shares in the context of the Squeeze-Out will also be subject to:

- the *contribution sociale généralisée* (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 *contribution pour le remboursement de la dette sociale* (CRDS) at the rate of 0.5%, not deductible from the personal income tax basis.

The transfer of the Lafarge Shares will terminate any deferral taxation from which the holders of such Lafarge Shares may have benefited in connection with prior transactions with respect to said Lafarge Shares.

Capital losses realized in respect of the transfer of Lafarge Shares can be set off against capital gains of the same nature realized during the year of the transfer 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.

- (II) Individuals resident of France for tax purposes, who hold their Lafarge Shares through a share savings plan (*plan d'épargne en actions* ("**PEA**"))

Lafarge Shares are eligible to be held through a PEA.

A PEA, under certain conditions, entitles its holder, (i) during the term of the PEA, to an exemption from income tax and social contributions on the proceeds and the capital gains derived from investments made in the context of the PEA, provided, in particular, that these proceeds and capital gains remain invested in the PEA, and (ii) upon termination of the PEA (if terminated after the fifth anniversary of the opening of the plan) or at the time of a partial withdrawal (if this withdrawal takes place after the eighth anniversary of the opening of the plan) to an exemption from income tax on the amount of net gains since the opening of the plan; this gain nevertheless remains subject to the social contributions.

Capital losses incurred in the context of the PEA may in principle be offset against the gains realized in the context of

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the PEA. However, in case the PEA is terminated before the end of the fifth year of its opening, or, under certain conditions, after the end of the fifth year of the opening of the plan, the losses incurred may, as the case may be, be offset against the same type of capital gain realized during the same year or during the then following years.

The transfer of Lafarge Shares held through a PEA in the context of the Squeeze-Out with an indemnification in cash would not constitute a withdrawal from the PEA provided that the proceeds derived from such transfer are wired to the related PEA's cash account of the Lafarge Shares Holders.

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.

(III) French resident holders of Lafarge Shares received following the exercise of Lafarge Stock Options

Pursuant to Article 163 bis C of the FTC (as applicable to Lafarge stock options granted before 28 September 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 favourable 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 Article 200 A 6. of the FTC (as applicable to Lafarge stock options granted on or after 27 April 2000 and before 28 September 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.

The transfer, in the context of the Squeeze-Out, of Lafarge Shares received following the exercise of Lafarge stock options will trigger the taxation of the corresponding acquisition gain recognized at the time of the exercise of the stock options (equal to the difference between the opening trading price of the Lafarge Shares on the exercise date of the options and the option exercise price). 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 of the FTC (as applicable to Lafarge stock options granted on or

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after 27 April 2000 and before 28 September 2012) described hereinabove are satisfied at the time of such transfer. In particular:

- the transfer in the context of the Squeeze-Out of Lafarge Shares resulting from the exercise of Lafarge stock options granted under the 2012 plan will not be eligible to the favourable tax and social security regime since such transfer would constitute a breach of the four-year freeze period mentioned hereinabove, resulting in the acquisition gain being treated as employment income for both tax and social purposes.
- for Lafarge Shares resulting from the exercise of Lafarge stock-options granted on or after 27 April 2000, if the transfer in the context of the Squeeze-Out occurs during the additional two-year holding period mentioned hereinabove, it will not be eligible to the favourable reduced tax rate that may apply to the acquisition gain if the conditions described hereinabove are met.

The capital gain or loss, as the case may be, recognized upon the transfer of the Lafarge Shares in the context of the Squeeze-Out, and equal to the excess (or shortfall as the case may be) of (i) the cash indemnification received in the context of the Squeeze-Out, over (ii) the opening trading price of the Lafarge Shares on the exercise date of the options, will be subject to taxation under the conditions set forth in article 2.8.2 (i)(a)(I).

Holders of Lafarge Shares resulting from the exercise of stock options granted before 27 April 2000 are urged to consult their tax advisor to determine the tax regime applicable to them.

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

Pursuant to the first paragraph of Article 80 quaterdecies of the FTC (as applicable to Lafarge performance shares granted before 28 September 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 favourable 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.

The transfer, in the context of the Squeeze-Out, of Lafarge Shares granted under performance share plans, will trigger the taxation of the corresponding acquisition gain recognized at the time of the acquisition of the performance shares. The transfer, in the context of the Squeeze-Out, of Lafarge shares

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granted under 2011 and 2012 performance share plans (as a result of their holders not having entered into a liquidity agreement pursuant to the Liquidity Mechanism) will constitute a breach of the two-year holding period mentioned hereinabove, resulting in the acquisition gain being treated as employment income for both tax and social purposes.

The capital gain or loss, as applicable, which may be realized upon the transfer of the Lafarge performance shares in the context of the Squeeze-Out, equal to the excess (or shortfall as applicable) of (i) the cash indemnification received in the context of the Squeeze-Out over (ii) the opening trading price of the Lafarge Shares on the day Lafarge performance shares have been definitively acquired, will be subject to taxation under the conditions described in article 2.8.2 (i)(a)(I).

- (b) Legal Entities which are tax resident in France and subject to French corporate income tax under standard conditions

Net capital gains and net capital losses realized upon the transfer of Lafarge Shares in the context of the Squeeze-Out 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 (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.

Notwithstanding the above, the capital gain realized upon the transfer of Lafarge Shares in the context of the Squeeze-Out 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 transferring the Lafarge 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 Lafarge Shares cannot be offset against long-term capital gains and cannot be carried forward.

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(c) 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 Squeeze-Out 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 have not acquired such shares pursuant to an employee incentive plan (e.g. stock option plan, share performance plan, share acquisition plan), (iii) who do not hold their Lafarge Shares in connection with a French fixed base or permanent establishment, and (iv) 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 Lafarge'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 Lafarge'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.

(d) Other shareholders

Holders of Lafarge Shares who are subject to a tax regime other than one of those described above, 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 with respect to the Squeeze-Out.

(ii) French Tax Treatment of the Exchange Option and of the LafargeHolcim Shares received in the context of the share alternative

(a) French Tax Treatment of the Exchange Option

The attention of the holders of Lafarge Shares is drawn to the fact that:

- **the Exchange Option is not a public exchange offer;**
- **the tax regime applicable to the Exchange Option is therefore materially different from the tax regime applicable to the Offer and subject to certain uncertainties;**
- **in certain instances (especially for shareholders holding their shares through a PEA) the tax regime applicable to the Exchange Option is more detrimental than that applicable to the Squeeze-Out in cash.**

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As a result, holders contemplating to exercise the Exchange Option are urged to consult with their tax adviser before making their decision.

The Squeeze-Out, in case of election for the share alternative, should generally trigger the same French tax consequences as those described within article 2.8.2 (i) above, subject to the following for 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 their Lafarge Shares acquired in the frame of a company or group savings plan – plan d'épargne d'entreprise ou de groupe):

- (i) Holders holding their Lafarge Shares outside the frame of a share savings plan (plan d'épargne en actions (PEA) (Shares other than performance shares and shares resulting from stock options)

In accordance with the provisions of article 150-0 B of the FTC, capital gains or capital losses realized upon the exchange of shares in the context of a limited number of operations, including public offers and contributions of shares, 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.

The Exchange Option does not qualify as a public offer for the purposes of this favourable regime, but there are strong arguments to argue the exchange implemented pursuant to the Exchange Option should be treated as a contribution of shares falling in the scope of the rollover regime of article 150-0 B of the FTC. In this respect, to the extent such exchange is treated as a qualifying contribution, any losses recognized on the exchange should not be taken into account in the year of the exchange.

However, in the absence of precedents of specific administrative comments, there are still certain residual uncertainties and French resident shareholders contemplating to participate in the Exchange Option should contact their usual tax advisor in order to determine the tax regime applicable to their own situation, and in particular to determine whether they could benefit from the rollover relief and the consequence of such rollover relief.

If the rollover relief were not to be applicable, the exchange of shares in the context of the Exchange Option would trigger the tax consequences described hereinabove in section 2.8.2 (i) (a) (I).

In any event, where the holder receives a cash payment in consideration for fractional shares, the exchange will be analyzed, to the extent of the amount of the shares corresponding to the fractional rights transferred, as a sale which is immediately taxable under standard conditions.

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(ii) Holders of shares resulting from stock options

For shares granted on or after June 20, 2007, the tax treatment of the acquisition gain will be the same as that described in article 2.8. (i)(a)(III) and the tax treatment of the additional capital gain/loss will be the same as that described in article 2.8.2 (ii)(a)(II).

Holders of shares resulting from stock options granted prior to June 20, 2007 who elect for the share alternative should contact their usual tax advisor to get informed about the tax regime that applies to their own situation with respect to the Squeeze-Out.

(iii) Holders holding their Lafarge Shares through a PEA.

For Lafarge Shares held through a PEA, the election for the share alternative should in principle constitute a withdrawal from the PEA and trigger consequences which may differ depending on the year during which the PEA was opened.

Holders of Lafarge Shares who elect for the share alternative should contact their usual tax advisor to get informed about the tax regime that applies to their own situation with respect to the Squeeze-Out.

(b) French tax treatment of the LafargeHolcim Shares received in the context of the Exchange Option

(I) Individuals residents of France for tax purposes who are holding LafargeHolcim Shares as part of their private estate and who do not trade on the markets on a usual basis

LafargeHolcim Shares will not be eligible to the PEA regime.

Dividends

Personal income tax and additional contributions

The dividends paid by LafargeHolcim 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 double tax treaty entered into between France and Switzerland (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 LafargeHolcim Shares. However, holders of LafargeHolcim 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

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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 LafargeHolcim will be subject to social contributions at the aggregate rate of 15.5%, which is made up of:

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- the 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
- 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 LafargeHolcim Shares during a given year will be subject taxation under the conditions set forth in article 2.8.2 (i)(a)(I). For the purposes of the determination of the rebate applicable, as the case may be, assuming rollover relief applies (see above), the holding period will be computed as from the acquisition date of the Lafarge Shares exchanged for LafargeHolcim Shares in the context of the Exchange Option.

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

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

Inheritance and Gift Taxes

Subject to double tax treaties, LafargeHolcim 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, LafargeHolcim 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

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or gift tax paid abroad in respect of LafargeHolcim Shares (article 784 A of the FTC).

- (II) Legal entities subject to corporate income tax under standard conditions

Dividends

The dividends paid by LafargeHolcim 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 LafargeHolcim 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 LafargeHolcim, 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 LafargeHolcim Shares are taxable under the conditions set forth in article 2.8.2 (i)(b), it being provided that the starting point of the two-year holding period applicable to

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entities holding an equity interest will be the acquisition date of the LafargeHolcim Shares in the Exchange Option.

(III) Other situations

Holders of LafargeHolcim 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.

2.8.3 Proposed European Financial Transactions Tax

Prospective holders of LafargeHolcim 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 LafargeHolcim Shares (including secondary market transactions) in certain circumstances.

Under the European Commission's proposal, the European 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 LafargeHolcim 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 LafargeHolcim Shares and could reduce the liquidity of the market for such shares. Prospective holders of LafargeHolcim Shares are advised to seek their own professional advice in relation to the potential consequences of the European FTT.

3 Specific Information Concerning Lafarge

3.1 Company's Share Capital Structure and Ownership

As of 10 September 2015, the share capital of Lafarge amounted to EUR1,154,022,156 and was divided into 288,505,539 ordinary shares of EUR4 par value, fully paid up and all of the same class, and the number of voting rights was 290,349,185 (including 68,082 relating to treasury shares that are temporarily deprived of voting rights).

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Double voting rights are attached to fully paid-up shares registered for at least two (2) years in the name of the same shareholder. Such double voting rights will be lost upon the transfer of the Lafarge Shares Eligible for the Exchange Option to LafargeHolcim in the context of the Exchange Option.

To the Company's knowledge, as of 10 September 2015, the issued and outstanding shares of Lafarge are held as follows:

Shareholders	Number of shares	Number of voting rights (theoretical)	% of share capital	% of voting rights (theoretical)
LafargeHolcim	278,131,864	278,131,864	96.40	95.79
Other shareholders	10,373,675 ⁸	12,217,321 ⁹	3.60	4.21
Total	288,505,539	290,349,185	100	100

3.2 Restrictions to the Exercise of Voting Rights and Share Transfers

3.2.1 Statutory Restrictions on the Exercise of Voting Rights and Share Transfers

(i) 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 Lafarge shareholders obtains a percentage of voting rights at least equal to his/her stake in the Company's share capital.

Where applicable, the voting rights held directly or indirectly by a shareholder are added to the voting rights belonging to any third party with whom such shareholder is acting in concert, as defined by law.

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.

(ii) 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 the 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

⁸ Including 68,082 treasury shares.

⁹ Including 1,843,646 double voting rights.

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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 aforementioned 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 the Company's 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.

(iii) Share Transfers

The Lafarge shares are freely tradable in accordance with applicable laws and regulations.

3.2.2 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, there is no agreement providing for preferential share transfer provisions on 0.5% or more of the share capital or voting right of Lafarge.

3.3 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 squeeze-out document, the share capital of Lafarge is distributed as described in article 3.1 above.

In accordance with Article L. 233-7 of the French commercial code, Groupe Bruxelles Lambert ("**GBL**") notified on 13 July 2015 to the AMF¹⁰ and Lafarge the downward crossing, on 10 July 2015, of the thresholds of 25% of the voting rights and 20%, 15%, 10% and 5% of the share capital and voting rights of Lafarge, and that it no longer holds any Lafarge share. These crossings result from the tender of all the Lafarge shares held by GBL to the Offer.

In accordance with Article L. 233-7 of the French commercial code, Mr. Nassef Sawiris notified on 13 July 2015 to the AMF¹¹ and Lafarge the downward crossing, on 10 July

¹⁰ D&I215C1034 dated 15 July 2015.

¹¹ D&I215C1043 dated 15 July 2015.

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2015, of the thresholds of 20% of the voting rights and 15%, 10% and 5% of the share capital and voting rights of Lafarge, and the holding, in concert, of 1,143 Lafarge shares representing 2,286 voting rights, i.e. 0.0004% of the share capital and 0.001% of the voting rights of Lafarge. On that occasion, NNS Holding Sàrl notified the individual downward crossing, on 10 July 2015, of the thresholds of 20% and 15% of the voting rights and 10% and 5% of the share capital and voting rights of Lafarge, and that it no longer holds any Lafarge share on an individual basis. These crossings result from the tender of all the Lafarge shares held by NNS Holding Sàrl to the Offer, and from the adjustment (with a view to converting the underlying in Holcim Ltd shares) of a cash settled share forward transaction entered into by NNS Holding, under which NNS Holding was conferred an economic effect similar to the holding of 6,000,000 Lafarge shares.

In accordance with Article L. 233-7 of the French commercial code, Dodge & Cox, acting on behalf of funds it manages, notified on 17 July 2015 to the AMF¹² and Lafarge the downward crossing, on 13 July 2015, of the thresholds of 5% of the share capital and voting rights of Lafarge, and that it no longer holds any Lafarge share. These crossings result from the tender of all the Lafarge shares held by Dodge & Cox to the Offer.

In accordance with Article L. 233-7 of the French commercial code, LafargeHolcim notified on 15 July 2015 to the AMF¹³ and Lafarge the upward crossing, on 10 July 2015, of the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 1/3, 50% and 2/3 of the share capital and voting rights of Lafarge and that it holds 252,230,673 Lafarge shares representing the same number of voting rights, i.e. 87.45% of the share capital and 84.59% of the voting rights of Lafarge. These crossings result from the acquisition of Lafarge shares by LafargeHolcim as a result of the Offer.

In accordance with Article L. 233-7 of the French commercial code, LafargeHolcim notified on 5 August 2015 to the AMF¹⁴ and Lafarge the upward crossing, on 4 August 2015, of the thresholds of 90% and 95% of the share capital and voting rights of Lafarge and that it holds 278,131,864 Lafarge shares representing the same number of voting rights, i.e. 96.41% of the share capital and 95.35% of the voting rights of Lafarge. These crossings result from the acquisition of Lafarge shares by LafargeHolcim as a result of the Offer.

3.4 List of Holders of any Securities Carrying Special Control Rights and a Description of such Rights

None.

3.5 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 LafargeHolcim (formerly FCPE Lafarge 2000) decided on 8 June 2015 to tender its Lafarge Shares to the Offer and, as a result, no longer holds any Lafarge Shares since the completion of the Offer.

3.6 Agreements between Shareholders Known to the Company and which 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.

¹² D&I215C1077 dated 17 July 2015.

¹³ D&I215C1046 dated 15 July 2015.

¹⁴ D&I215C1189 dated 5 August 2015.

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3.7 Rules Applicable to the Appointment and Replacement of the Members of the Board of Directors, as well as to the Amendment of the Articles of Association of the Company

3.7.1 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 authorised 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 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.

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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 aforementioned 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.

3.7.2 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.

3.8 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 authorisation to be voted upon	Maximum amounts	Expiration date
Authorisation to the Company to buy and sell its own shares (10 th resolution)	Up to 5% of the share capital Up to EUR500 million Maximum purchase price per share: EUR100	7 November 2016
Delegation of authority to the board of directors to issue shares and securities entailing a capital increase, with preferential subscription rights (13 th resolution)	EUR560 million ¹⁵ (nominal value)	7 July 2017

¹⁵ Overall ceiling for the 13th, 14th, 15th, 16th, 17th, 18th, 22nd and 23rd resolutions.

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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 (14 th resolution)	EUR112 million ¹⁶ (nominal value)	7 July 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 (15 th resolution)	EUR112 million ¹⁷ (nominal value)	7 July 2017
Delegation of authority to the board of directors to issue shares and securities entailing a capital increase as payment for contributions in kind (16 th resolution)	EUR112 million ¹⁸ (nominal value)	7 July 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 (17 th resolution)	Up to the amount applicable to the initial issue and to be applied against the cap set forth in the 14 th and/or the 13 th resolution	7 July 2017
Delegation of authority to the board of directors to increase the capital by incorporation of premiums, reserves, profits or other items (18 th resolution)	EUR100 million ¹⁹ (nominal value)	7 July 2017

¹⁶ To be counted towards the overall ceiling set forth in the 13th resolution.

¹⁷ To be counted towards the overall ceiling set forth in the 13th resolution and the ceiling set forth in the 14th resolution.

¹⁸ See footnote 17.

¹⁹ See footnote 16.

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Authorisation to the board of directors to reduce the share capital through cancellation of treasury shares (19 th resolution)	Up to 10% of the share capital over a 24-month period	7 July 2017
Authorisation to the board of directors to allot free existing or new shares, with cancellation of the preferential subscription right of the shareholders (20 th resolution)	1% of the share capital (on grant date)	7 July 2017
Authorisation to the board of directors to grant options to subscribe for or purchase shares, with cancellation of the preferential subscription right of the shareholders (21 st resolution)	1% of the share capital (on grant date)	7 July 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 (22 nd resolution)	EUR50 million ²⁰ (nominal value)	7 July 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 (23 rd resolution)	EUR50 million ²¹ (nominal value)	7 November 2016

²⁰ Common ceiling for the 22nd and the 23rd resolutions; to be counted towards the overall ceiling set forth in the 13th resolution.

²¹ See footnote 20.

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3.9 Agreements Entered into by the Company which will be Amended or Terminated in the Event of a Change of Control of the Company

The squeeze-out procedure will not result in a change of control of the Company.

3.10 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 Squeeze-Out

None.

4 Assessment of the Cash Indemnification of the Squeeze-Out

Société Générale and UBS Securities, together acting as the presenting banks for the Squeeze-Out, have produced a valuation report on the Lafarge Shares to the attention of the LafargeHolcim Board of Directors. This valuation report was also analysed and commented by Accuracy, appointed by the Lafarge Board of Directors as independent expert for the operation. The independent expert's opinion is included in section 5 of this document.

The appraisal by the presenting banks of the cash indemnification proposed under the Squeeze-Out (the "**Indemnification**") has been summarized hereafter. The Indemnification has been set at EUR60 per Lafarge Share (dividend attached).

The analysis of the financial terms of the Squeeze-Out has been performed through a multi-criteria approach based on commonly used valuation methods, taking into account the specificities of Lafarge, its size and its activity. This analysis has been underpinned by (i) information provided by Lafarge and public information available (including the Lafarge 2014 annual report published on 23 March 2015 and the Lafarge half-year 2015 financial interim report published on 29 July 2015), (ii) the Lafarge business plan (provided by Lafarge) reflecting the changes of perimeter post success of the Offer as described below in paragraph 4.1.1, (iii) the synergies business plan related to the combination with the Holcim Group (provided by Lafarge) and (iv) discussions held with Lafarge.

It was not the aim of Société Générale and UBS Securities to validate this information nor to verify or evaluate the assets and liabilities of Lafarge.

The elements provided to appraise the cash Indemnification have been prepared as of 11 September 2015.

4.1 Financial information

4.1.1 Financials

The business plan used to appraise the cash Indemnification has been based on the two business plans provided by Lafarge (i) for Lafarge standalone and (ii) for the synergies related to the combination with the Holcim Group.

The Lafarge standalone business plan is based on the perimeter excluding the contribution from the assets that Lafarge committed to divest in connection with the merger (and already accounted for as "assets held for sale" in the half-year 2015 financial interim report) and which mainly encompasses (i) assets to be divested to the CRH Group, (ii) businesses to be divested in the US and (iii) businesses to be divested in India. The combination with the Holcim Group has also triggered subsequent mandatory tender offers on some subsidiaries, notably in China, now fully consolidated in the business plan that has been provided.

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- The Lafarge standalone business plan was elaborated in July 2015 and takes into account the update of the year-end 2015 forecasts. This business plan forecasting period is 2015-2020 and is based on a capital expenditure programme aiming at improving Lafarge market positioning while ensuring the maintenance of a growing asset base.
- Evolution of key metrics includes revenue increasing by 9% CAGR over the period, EBITDA margin rising from c.20% in 2015 to c.25% in 2020 and capital expenditures (including sustaining/productivity capex and development/external growth capex) representing c.9% on average over the period.

With respect to the synergies, Lafarge provided a detailed synergies business plan of the combined entity LafargeHolcim including the breakdown by nature and geography of operational synergies, which amount is in line with data publicly made available by Holcim and Lafarge.

- The synergies assessment has been jointly performed by external experts and operational teams from Lafarge and Holcim (prior to the combination) for the 2015-2018 period.
- It is based on a detailed review of revenues and costs synergies. Four categories of synergies have been identified: (i) revenue synergies related to new products, new offering capabilities and new business development opportunities; (ii) costs synergies on procurement; (iii) cost synergies related to sharing best-practices and improving operational excellence across the combined group and (iv) costs synergies related to savings on selling, general and administrative expenses.
- Overall the synergies run-rate level is expected to be reached in 2018. Implementation of these synergies would require a financial effort (expense and investment) representing an amount of EUR 1.0 billion equally spread over two years post merger.
- In order to reflect the intrinsic risk related to the implementation of synergies, the presenting banks have retained to include 75% of the synergies included in the synergies business plan in the present analysis. Lafarge's share of synergies has been based on the exchange ratio of the Offer.

4.1.2 Enterprise value to equity value bridge

Adjustments from the enterprise value to equity value retained as of 11 September 2015 are based on the financial information provided by Lafarge as well as on the publicly available financial statements as of 30 June 2015.

In addition to gross financial debt (adjusted for post half-year 2015 financial interim results changes of perimeter and booked at market value) net of cash and cash equivalents (adjusted for the cash outflow expected from the changes in perimeter and not included in the half-year 2015 financial interim results) – together the net financial debt – items for the bridge from enterprise value to equity value include the following other non-operating balance sheet items: minority interests (adjusted for changes in perimeter post half-year 2015 financial interim results and retained at market value for listed entities), post-tax pension provisions (the statutory tax rate has been retained for this adjustment), associates (adjusted for post half-year 2015 financial interim results changes of perimeter and retained at market value for listed entities) and other financial assets and specific provisions.

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<i>€m</i>	
Adjusted net financial debt as of 30 June 2015	13,418
Minority interests	2,546
Post-tax pension provision	886
Associates and other financial assets	(6,486)
Other adjustments (provisions)	208
Adjusted Net Debt / (Cash) of	10,572

Note: Adjusted net financial debt including net financial debt published by Lafarge as of 30 June 2015 of EUR10,333m.

4.1.3 Number of shares retained

Methodology

The number of Lafarge Shares retained corresponds to the total number of shares issued, as communicated by 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 as of 11 September 2015.

Numbers of Shares retained are based on the latest financial statements published by Lafarge.

Number of Lafarge Shares retained

<i>As of 11 September 2015</i>	
Total number of shares outstanding	288,505,539
Impact of dilutive instruments*	1,424,910
Treasury shares	(68,082)
Number of shares retained	289,862,367

*Shares to be issued by the exercise of share subscription options on the basis of the reference price as of 11 September 2015

4.2 Selected Methodologies for the Assessment of the cash indemnification proposed under the Squeeze-Out

The valuation of Lafarge has been performed based on a multi-criteria approach, for which four main methodologies have been retained:

- Analysis of historical share prices;
- Analysis of historical share prices and target prices by transparency resulting from the application of the exchange ratio of the Offer;
- Discounted cash flows analysis;
- Analysis of trading comparable companies.

The valuation date retained by the presenting banks for the present analysis has been set as of 11 September 2015.

4.2.1 Analysis of historical share prices

Lafarge Shares are listed on Compartment A of Euronext Paris (ISIN code: FR0000120537). Lafarge maintains a sponsored American Depositary Receipts (“**ADR**”) program, and the ADRs continue to be traded on the OTC market (Level 1 program).

Since 4 April 2014 and the announcement of the intended merger between Holcim and Lafarge, and until the closing of the re-opening period of the Offer on 28 July 2015, the share price of Lafarge has been highly correlated with the share price of

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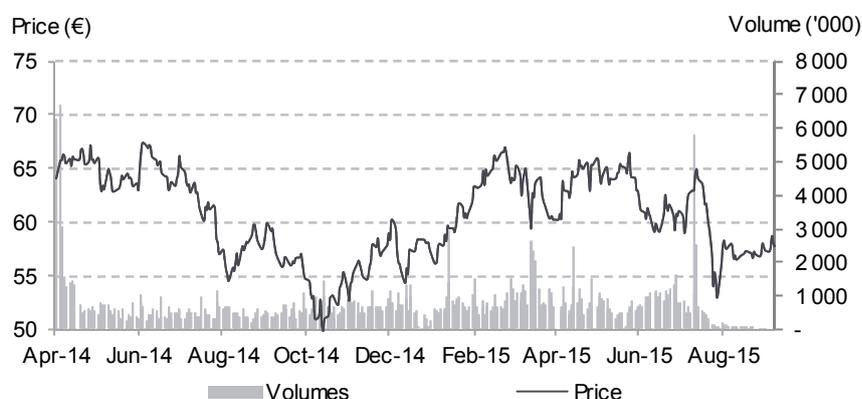
LafargeHolcim, reflecting the announced exchange parity and subsequent evolution.

Since the closing of the Offer, the trading volumes of the Lafarge Share have significantly decreased given the reduced free float to 3.56% of Lafarge Share capital. However, Lafarge Shares continue to show some liquidity with a free float rotation in line with historical average of c. 250 days. The reference to a recent date has been retained to reflect the integration by the market of the half-year 2015 financial interim results released on 29 July 2015. We note in addition that the Lafarge share price has been relatively immune to the recent financial markets turmoil observed following the Chinese Yuan's devaluation in August 2015.

The Indemnification was assessed on the back of historical share price as of 11 September 2015, date as of which, Lafarge market capitalisation amounted to EUR16.7 billion, the latest share prices representing in addition the value of immediate monetization for Lafarge shareholders. The table below summarized the premia represented by the Indemnification:

Lafarge VWAP	(€)	Resulting Premium (Discount)
Spot as of 11 September 2015	57.8	3.9%
1-month VWAP	57.1	5.0%
3-month VWAP	61.2	(2.0%)
6-month VWAP	62.4	(3.8%)
12-month VWAP	60.4	(0.6%)
12-month VWAP - low	49.8	20.4%
12-month VWAP - high	67.0	(10.4%)

The graph below shows the evolution of Lafarge share price since 4 April 2014, the day of announcement of the intended merger between Holcim and Lafarge:



The Indemnification represents a discount or a premium ranging from -10.4% and +20.4% compared to the share prices implied by this methodology.

4.2.2 Analysis of historical share prices and target prices by “transparency” resulting from the application of the exchange ratio defined during the Offer initiated by LafargeHolcim

This approach consists in analysing “by transparency” the valuation of Lafarge Share resulting from the application of the adjusted exchange parity of the Offer of nine point forty-five (9.45) newly issued LafargeHolcim Shares for ten (10) Lafarge Shares to a selection of references for LafargeHolcim value per share. This methodology provides a benchmark of the valuation obtained by Lafarge shareholders who have tendered their shares during the Offer.

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In the present analysis, we have retained as references (i) LafargeHolcim's share price and (ii) the target prices of a selection of research analysts covering LafargeHolcim.

- Different periods of time have been retained for the analysis of the Lafarge share price by “transparency” and cover various periods from 11 September 2015 back to 20 March 2015 (day of the announcement of the amendment of the combination agreement). The period from 1 June 2015 (opening of the Offer) until 28 July 2015 (closing of the re-opened Offer) has notably been analysed. LafargeHolcim historical share prices have been adjusted for the payment of the scrip dividend.

	VWAP Holcim (CHF)	Spot / average FX	VWAP Holcim (€)	VWAP Lafarge (by transparency) (€)	Implied Premium / (Discount)
As of 11 September 2015					
Spot	57.7	0.91	52.4	49.5	21.2%
1 month	58.5	0.92	54.0	51.0	17.6%
3 months	64.9	0.94	61.3	57.9	3.6%
From 1 June to 28 July 2015	68.9	0.96	65.9	62.3	(3.6%)
From 20 March to 25 August 2015	67.3	0.95	63.9	60.4	(0.7%)

- A selection of research analysts covering LafargeHolcim has been retained for the analysis of Lafarge target price by “transparency”. The table below presents (i) the target prices for LafargeHolcim as of 11 September 2015, published by research analysts having updated their target prices post half-year 2015 financial interim results, accounting for the payment of the scrip dividend and (ii) the resulting Lafarge target price by “transparency” by application of the parity of the Offer. Given the analysts' target prices represent a 12 months objective of the share price, the resulting value of Lafarge Share has been discounted to its present value as of the valuation date, using Lafarge's cost of equity derived by the capital asset pricing model (estimated at 12.5%).

Broker	Date	Recommendation	LafargeHolcim			Implied Lafarge share price		Implied Premium/(Discount)	
			Target price (CHF)	Spot / average FX	Target price (EUR)	Not discounted ¹	Discounted ²	Not discounted ¹	Discounted ²
Morningstar	11-Sep-15	Buy	76.2	0.91	69.2	65.4	58.1	(8.2%)	3.3%
Bernstein Research	11-Sep-15	Overweight	57.1	0.91	51.9	49.0	43.6	22.4%	37.7%
Oddo Securities	10-Sep-15	Buy	90.5	0.91	82.6	78.1	69.4	(23.2%)	(13.5%)
UBS	08-Sep-15	Hold	69.5	0.91	63.5	60.0	53.3	(0.0%)	12.5%
Goldman Sachs	08-Sep-15	Buy/Neutral	80.4	0.91	73.4	69.4	61.7	(13.5%)	(2.7%)
Kepler Cheuvreux	07-Sep-15	Buy	74.3	0.92	68.5	64.8	57.6	(7.4%)	4.2%
Deutsche Bank Research	03-Sep-15	Buy	83.1	0.92	76.7	72.5	64.4	(17.2%)	(6.9%)
Baader - Helvea	03-Sep-15	Hold	65.7	0.92	60.6	57.3	50.9	4.7%	17.8%
Exane BNP Paribas	02-Sep-15	Neutral	67.1	0.92	61.7	58.3	51.8	3.0%	15.9%
Berenberg	01-Sep-15	Hold	66.7	0.92	61.6	58.2	51.7	3.1%	16.0%
Morgan Stanley	27-Aug-15	Overweight	75.2	0.93	69.7	65.9	58.5	(8.9%)	2.5%
Credit Suisse	24-Aug-15	Overweight	76.2	0.92	70.3	66.4	59.0	(9.7%)	1.6%
Bank Vontobel	14-Aug-15	Buy	79.0	0.92	72.8	68.8	61.2	(12.8%)	(1.9%)
JPMorgan	05-Aug-15	Overweight	75.2	0.94	70.5	66.6	59.2	(10.0%)	1.3%
Mainfirst Bank AG	31-Jul-15	Buy	78.1	0.94	73.5	69.5	61.8	(13.7%)	(2.9%)
Natixis	29-Jul-15	Buy	86.7	0.94	81.6	77.1	68.5	(22.2%)	(12.4%)
CM CIC Securities	29-Jul-15	Overweight	82.5	0.94	77.6	73.4	65.2	(18.2%)	(8.0%)
Average			75.5		69.8	65.9	58.6	(9.0%)	2.4%
Median			76.2		70.3	66.4	59.0	(9.7%)	1.6%
Min			57.1		51.9	49.0	43.6		
Max			90.5		82.6	78.1	69.4		

Notes: (1) Share price implied by an exchange ratio of 9.45 LafargeHolcim Shares for 10 Lafarge Shares (2) Discounted target price at Lafarge cost of equity of 12.5%, providing the present value of the 12 months target price

The Indemnification represents a discount or a premium ranging from -9.0% and +21.2% compared to the share prices implied by this methodology.

4.2.3 Discounted cash flows analysis

This approach consists in discounting future cash flows available before financial expenses (free cash-flows) generated by Lafarge, taking into account the medium

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to long term performances. This methodology implies modelling and discounting all future cash flows available to Lafarge shareholders and debt holders.

The discounted cash flow analysis has been performed based on:

- Lafarge business plan including synergies as defined in paragraph 4.1.1;
- Weighted average cost of capital (“WACC”) of 8.7%, calculated based on i) a risk free rate of 1% in line with the French government sovereign rate, ii) an equity market risk premium of 8% reflecting the geographic exposure of Lafarge activities, iii) a re-levered beta of 1.47 calculated based on the betas of the comparable companies, iv) a pre-tax normative cost of debt of 2.5% in line with current market conditions and v) a normative net debt over equity ratio of 35% in line with the level of the comparable companies ;
- Adjusted net debt (see section 4.1.2 “Enterprise value to equity value bridge”) as of 30 June 2015

The terminal value is based on a 2020 normative cash flow estimated as follows:

- EBITDA margin (excluding synergies) in line with the five-year average of the Lafarge standalone business plan
- EBITDA in the terminal value including 25% of run-rate synergies, which approximately corresponds to the presenting banks assumption of a 10 year phasing down of synergies after 2020
- Normative capital expenditures corresponding to the level of capex needed to maintain the asset base, taking into account the investments realised over the business plan horizon (slightly lower than the last year of the plan);
- Net working capital as a percentage of sales kept in line with the last year of the business plan;
- The assumption was made that the depreciation level tends towards 95% of normative capital expenditures;
- Perpetuity growth rate ("PGR") of 2%.

The free cash-flows have been discounted as of 30 June 2015.

Based on these assumptions, the terminal value represents c.75% of the enterprise value implied by this methodology.

The first table below presents the share prices implied by this methodology with sensitivities on the PGR and the WACC. Second table presents the implied discounts or premia of the Indemnification compared these share prices.

Implied share prices

	PGR (%)			
	1.5%	2.0%	2.5%	
WACC (%)	8.2%	61.9	68.2	75.7
	8.7%	54.8	60.2	66.4
	9.2%	48.7	53.3	58.5

Implied discounts or premia

	PGR (%)			
	1.5%	2.0%	2.5%	
WACC (%)	8.2%	(3.0%)	(12.0%)	(20.7%)
	8.7%	9.5%	(0.3%)	(9.6%)
	9.2%	23.3%	12.7%	2.5%

The Indemnification represents a discount or a premium ranging from -21% and +23% compared to the share price implied by this methodology and a discount of 0.3% based on the central case.

4.2.4 Analysis of trading comparable companies

This approach consists in applying to Lafarge's financial aggregates, the multiples observed for the comparable peers of Lafarge in terms of activity, markets and size.

This methodology has been considered given the existence of a sufficient number of comparable peers despite some differences in terms of business models, positioning and sizes.

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 the average multiple of the comparable companies to the Lafarge EBITDA related to the same period (based on Lafarge business plan and adjusted for run-rate synergies as included in the terminal value of the combined DCF). For this analysis, it has been decided to apply the average multiple related to current year (2015) and for illustration purposes, to the following year (2016).

Peers' enterprise value to equity value bridges include the same elements as those retained for Lafarge (net deferred tax assets being consistently treated across the peer universe given similar relative contribution to enterprise value).

The sample of comparable peers²² includes companies exposed to similar underlying markets. It is composed of mainly 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 €12,614m mainly in Western and Northern Europe (34% of sales) and in North America (25% of sales). The 2014 EBITDA margin was 18.1%;
- 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 EUR13,766m in 2014 mainly in the USA (24% of sales), Mexico (20% of sales) and Europe (27% of sales). The 2014 EBITDA margin reached 17.4%;
- 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 sales of EUR2,423m in 2014 mainly in Europe (52% of sales), Asia (22% of sales), and in Africa and Middle East (16% of sales). The 2014 EBITDA margin reached 18.2%;
- Buzzi Unicem: Specialised player in cement and cement derivatives, ready-mix concrete and expanded clay aggregate. In 2014, the company sold 27.4 million tons of cement and 13 million cubic meters of ready-mix concrete, generating sales of EUR2,506m. 34% of the company's sales were generated in the USA, 50% in Europe and 16% in Italy. The EBITDA margin reached 16.9% in 2014;

²² Italcementi has been excluded from the sample of comparable peers given the company is currently subject to a takeover bid from HeidelbergCement, which has impacted its share price and valuation multiples.

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- Titan Cement: Specialised player in cement and cement derivatives headquartered in Greece. In 2014, sales amounted to EUR1,158m mainly generated in North America with 40% of total revenue, 25% in Greece and Western Europe, 18% in South East Europe. The 2014 EBITDA margin was 15.7%.

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

The trading multiples retained to value Lafarge are based on the ratio of the enterprise value and the EBITDA (EV / EBITDA). The applied values correspond to the average of the comparable companies multiples. As of 11 September 2015, retained comparable multiples are the following:

Company	Country	Market cap. (EURm)	Enterprise value (EURm)	EBITDA multiple	
				2015E	2016E
HeidelbergCement	Germany	12,425	20,763	8.0x	7.3x
Cemex	Mexico	10,291	25,690	10.1x	8.9x
Vicat	France	2,520	4,058	8.3x	7.3x
Buzzi Unicem	Italy	2,902	4,034	8.9x	7.6x
Titan Cement	Greece	1,561	2,278	10.2x	8.1x
Average				9.1x	7.9x
Median				8.9x	7.6x

Based on 2015 multiples, the Indemnification represents a premium of 19.5% compared to the share price implied by this methodology (and, for information purpose, a premium of 22% based on 2016 multiples).

Although a useful valuation reference, the analysis of trading comparables is subject to the following limitation in the context of the present analysis: (i) by construction, peers multiple do not reflect the potential of growth and value creation resulting from the merger of Lafarge and Holcim but only a sector average valuation and (ii) recent market volatility has somehow undermined the relevance of this methodology, based on spot prices, notably when it comes to assess the intrinsic potential of Lafarge.

4.3 Reference Presented For Information Purposes

4.3.1 Net asset value approach

As of 30 June 2015, the net asset value amounts to:

- EUR15,132 million or EUR52.2 per share, based on the half-year 2015 financial interim results

The net asset value of Lafarge does not include the fair value of its participations; it only reflects historical valuations and thus does not capture the full value of the Company. In particular, this reference does take into account the future performance of the Company.

The Indemnification represents a premium of 14.9% compared to the share price implied by this methodology.

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4.4 excluded methodologies

4.4.1 Comparable transaction multiples approach

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

This methodology 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.

4.4.2 Adjusted net asset value approach

The adjusted net asset value is the net asset value of a company 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 Lafarge are mainly majority owned operating assets.

4.4.3 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 depends on the payout ratios decided by the companies' managements.

4.4.4 Analysis of analysts target prices

This method has been excluded given the very limited number of equity research analysts covering the stock, as observed notably after the release of Lafarge's half-year 2015 financial interim results, the vast majority having dropped the coverage of Lafarge after the success of the Offer. It is however important to note that an analysis of the target price of Lafarge by "transparency" based the target prices of LafargeHolcim is presented here above in the retained valuation methodologies to appraise the Indemnification.

4.5 Summary of the Assessment of the cash indemnification proposed under the Squeeze-Out

The Indemnification compares as follows to the results presented above:

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Criteria	Lafarge implied share price (EUR)	Resulting Premium (Discount)
Share price - as of 11 September 2015		
Spot as of 11 September 2015	57.8	3.9%
1-month VWAP	57.1	5.0%
3-month VWAP	61.2	(2.0%)
6-month VWAP	62.4	(3.8%)
12-month VWAP	60.4	(0.6%)
12-month VWAP - low	49.8	20.4%
12-month VWAP - high	67.0	(10.4%)
Share price by transparency - as of 11 September 2015		
Spot as of 11 September 2015	49.5	21.2%
1 month	51.0	17.6%
3 months	57.9	3.6%
From 1 June to 28 July 2015	62.3	(3.6%)
From 20 March to 11 September 2015	60.4	(0.7%)
Target price by transparency - as of 11 September 2015		
Target price average - not discounted	65.9	(9.0%)
Target price average - discounted	58.6	2.4%
Discounted Cash Flows - as of 30 June 2015		
Central Case	60.2	(0.3%)
Trading comparables - as of 11 September 2015		
EV/ EBITDA 15E	50.2	19.5%

Exchange Option

Based on (i) the exchange ratio of nine (9) LafargeHolcim Shares for ten (10) Lafarge Shares adjusted for the scrip dividend of one (1) new LafargeHolcim Share for twenty (20) existing LafargeHolcim Shares, (i.e. nine point forty-five (9.45) LafargeHolcim Shares for ten (10) Lafarge Shares) and (ii) LafargeHolcim Share price of CHF57.7 as of 11 September 2015, the Exchange Option represents a discount of 17% compared to the Indemnification.

5 Independent Expert's Opinion (Article 261-1 II of the AMF General Regulations)

Independent valuation in connection with the squeeze-out procedure initiated by LafargeHolcim for Lafarge shares

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 had a market capitalisation of around EUR17 billion in the first quarter of 2015. The Lafarge group reported sales of around EUR12.8 billion in 2014.

Holcim is based in Switzerland and is also a top-ranking player in its industry. The company is listed on Zurich's SIX market and had a market capitalisation of around CHF 24 billion in the first quarter of 2015. Its sales in 2014 were around EUR19.1 billion.

On 7 April 2014, Lafarge and Holcim announced 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.

This friendly transaction was structured as a public exchange offer (the "Offer") launched by Holcim for Lafarge shares on 1 June 2015, based on a proposed exchange ratio of nine Holcim shares for ten Lafarge shares. Accuracy was contracted as an independent valuation expert by the Lafarge Board of Directors on 17 February 2015 to issue an opinion on the fairness of the Offer's financial terms and conditions.

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Upon the closing of the Offer on 3 July 2015, Holcim held 87.46% of Lafarge's capital and at least 83.94% of its voting rights. The offer was later re-opened for some ten trading days and closed again on 28 July. Since that date, Holcim, now known as LafargeHolcim, has held 96.41% of Lafarge's capital and 95.79% of its voting rights. These percentages exceed the 95% threshold required by stock market regulations to request the launch of a squeeze-out procedure (*procédure de retrait obligatoire*).

In these conditions and in accordance with its intentions as set out in the offering circular, LafargeHolcim (the "Offeror") now plans to call on the French financial markets authority (AMF) to launch a squeeze-out procedure for the shares of Lafarge (the "Target", the "Company", the "Group") which it does not currently hold (the "Transaction"), at a price of EUR60.0 per share (the "Compensation Price").

According to French regulations resulting from the European Directive on public offers, in the context of the current Transaction (i.e., a public offer fully supported by the shareholders of the target company and whose offeror previously held less than 50% of the company's capital and voting rights), the squeeze-out does not require any additional authorization, if it occurs based on a price or an exchange ratio identical to that proposed within the scope of the Offer. The exchange option proposed by LafargeHolcim with the scope of this Transaction fully meets the aforementioned condition, as the proposed exchange ratio (i.e., 9.45 LafargeHolcim shares for 10 Lafarge shares) corresponds exactly to the ratio used for the Offer after adjusting for the dividend payouts of 10 September 2015 after the completion of the Offer.

However, French stock exchange regulations impose a cash settlement in the event of a squeeze-out (Articles L. 433-4, para. III of the Code Monétaire et Financier and 237-16 of the AMF's General Regulation). Insofar as the Offer did not propose a cash alternative, the squeeze-out is not automatic and must be formally approved by the AMF. More specifically, LafargeHolcim must propose a compensation price to support its squeeze-out request, and Lafarge must appoint an independent valuation expert to obtain an opinion as to the fairness of the conditions of this transaction.

Accuracy was contracted as an independent valuation expert in this context by the Lafarge Board of Directors on 28 July 2015 to issue an opinion on the fairness of the Compensation Price for Lafarge's minority shareholders in accordance with Article 261-1, para. II, of the AMF's General Regulation.

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.

In accordance with the terms of Accuracy's assignment, as noted above, insofar as the expropriation of Lafarge's minority shareholders may take place solely on the basis of the Compensation Price, this report will not give an opinion on the merits, for Lafarge's minority shareholders, of the exchange offer proposed by LafargeHolcim in connection with this Transaction.

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 describes the context of the Transaction setting out the financial characteristics of the Company and the stock market performance of Lafarge and

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LafargeHolcim shares, and defining the conditions to be fulfilled to assess the fairness of the Transaction. Section three details the valuation work performed in order to estimate the value of Lafarge shares in strict compliance with the multi-criteria approach recommended by the AMF in such situations. Section four sets out our comments on the valuation report prepared by Société Générale and UBS, the banks submitting the Offer (the "Banks"). The fifth and final section presents our conclusion as to the fairness of the Compensation Price for Lafarge's minority 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 more than 240 consultants (including over 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 August 2013

Date	Target compan Bidder	Operation	Presenting bank	
Apr-15	Lafarge	<i>Holcim</i>	Public exchange offer	Société générale, UBS
Nov-14	Rocamat	<i>Rocafin, Rocafin II, Rocafin III</i>	Takeover bid followed by a squeeze-out bid	Oddo & Cie
Dec-13	Lafuma	<i>Calida</i>	Reserved capital increase	Gilbert Dupont

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 Paris-Dauphine.

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In carrying out their work, Bruno Husson and Henri Philippe were assisted by Guillaume Charton, a manager and graduate of HEC with over five years' financial advisory experience, as well as by two consultants.

1.3. Statement of independence

As indicated above, Accuracy recently performed work for Lafarge resulting in the issuance of a fairness opinion dated 15 April 2015 on the financial terms and conditions of the public exchange offer initiated by Holcim (the "April 2015 Report"). The squeeze-out procedure for which we have once again been appointed independent valuation expert by the Lafarge Board of Directors follows on from the Offer, as it was said at that time that such a procedure could be launched.

In this context and in the absence of other information, we reiterate the statement of independence included in our April 2015 Report, pursuant to Article 264-4, para. II, of the AMF's General Regulation.

1.4. Fees

Accuracy's fees for this assignment amount to EUR230,000 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;
- meet with representatives of Société Générale and UBS, the two banks advising LafargeHolcim;
- update the historical financial analyses prepared in connection with the Offer focusing on the Group as well as on a sample of comparable listed companies, based on recent registration documents (documents de référence) or annual reports;
- analyse the Group's forecast performance (excluding the impact of any synergies), based on the business plan drawn up on a stand-alone basis by Company management for 2015-2020;
- analyse the synergies expected from the merger between Lafarge and Holcim, as modelled by the management of both groups;
- analyse seasonal fluctuations in operating working capital in order to determine an average level of annual working capital for use in analysing the forecast return on assets over the period covered by the business plan;
- analyse the recent stock market performance of Lafarge and LafargeHolcim shares, as well as the extent to which they are covered by financial analysts;
- perform a critical review of the share prices of both Lafarge and LafargeHolcim and the target prices issued by financial analysts used as a basis for the valuation (direct and indirect valuation references);
- value the Lafarge shares factoring in the growth outlook for the business on a stand-alone basis and the portion of synergies attributable to Lafarge shareholders, using a multi-criteria approach that includes the discounted cash flows method (DCF) and the listed peers method;

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- for both approaches, perform an in-depth review of the assets and liabilities added to or deducted from the estimated value of the business (or enterprise value) in order to obtain the equity value; in addition, due to the significant changes in scope occurring around 30 June (the valuation date), verify that the forecast inputs considered (free cash flow and operating results) are consistent with the balance sheet items taken into account at the valuation date;
- for the DCF method, perform an in-depth review of the methods used to calculate the terminal value and discount rate applied;
- perform a critical analysis of the valuation report prepared by the Banks in connection with the Transaction;
- 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 31 July 2015, the date on which our engagement letter was signed, to 10 September 2015, the date of signature of this report.

1.5.3. Information used

Our work was primarily based on confidential information provided to us by Company management, namely:

- the business plan for the business portfolio on a stand-alone basis for 2015-2020, according to two different scenarios;
- the business plan for the synergies expected from the merger, including the type of synergies, an estimate of the annual amounts involved, and a timeframe for achieving these synergies;
- a pro forma balance sheet at 30 June 2015 based on the same scope as in the business plan (i.e., including the divestments carried out in line with commitments made to competition authorities in the event the Offer were successful, as well as the consolidation of the stake held in China);
- the interim consolidated financial statements at 30 June 2015, which for certain balance sheet items provide more detail than the notes to the published consolidated financial statements;
- certain additional financial information designed mainly to give a more accurate estimate of the value of minority interests and associates;
- monthly operating working capital monitoring reports ("Strict Working Capital") in order to determine the average level of working capital for the year;
- details of transaction prices applied and/or estimated when divesting industrial assets based on commitments made to competition authorities.

We also based our work on information available to the public, including:

- Company press releases relating to the Transaction;
- Company annual reports and the interim report at 30 June 2015, along with annual and interim reports for the main industry players;
- oral or written presentations for financial analysts made by the management of Lafarge and Holcim, in particular the presentation on 7 April 2014 regarding the

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synergies expected by the planned merger and the presentation on 29 July 2015 regarding the first-half 2015 results;

- reports and research published by financial analysts on Lafarge and Holcim shares since the success of the Offer was announced;
- market information published by the financial websites Bloomberg, Capital IQ and Mergermarket.

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.

In accordance with the terms of our assignment, we did not validate or verify in any way the forecast information prepared by Company management. However, we endeavoured to determine whether said forecast data was reasonable in light of the recent historical performance of the different business segments, explanations given verbally by management on the growth outlook, and the overall performance observed for listed peers.

Although our work was based on an analysis of the Group's historical and projected 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. Key financial characteristics of Lafarge prior to the Transaction

2.1.1. High operating and financial leverage

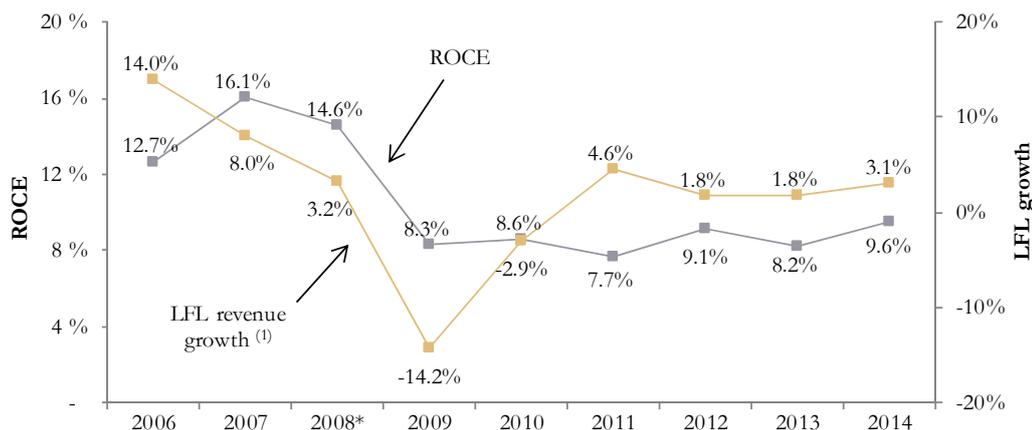
Lafarge is a global company specialising in the manufacture and distribution of building materials. Its cement division accounts for the bulk of its revenue (67% in 2014). Lafarge also derives revenue from the manufacture of concrete and aggregates.

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 is what market analysts call a "cyclical stock", since its operating performance is particularly sensitive to changes in the economic climate and the resulting changes in business levels. Lafarge's return on operating assets (as measured by Return on Capital Employed, or ROCE²³) is therefore fairly volatile. Unsurprisingly given the financial crisis, in recent years it has been near break-even (i.e., the cost of capital).

²³ 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).

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- ROCE and like-for-like revenue growth trends -



(1) Weighted-average of the like-for-like revenue growth of the Cement and Granulates & Concrete

(*) Lafarge's ROCE adjusted from the estimated impact of Orascom acquisition which occurred in 2008

Lafarge was hard hit by the slowdown in the construction market triggered by the financial crisis: between 2007 and 2009, ROCE fell 7.8 percentage points. The Group subsequently launched large-scale measures to improve its return on assets. Based on an analysis of Lafarge's return on assets over the last few years, we can see a turnaround starting in 2011 and 2012. The return on assets of the business improved under the combined impact of emerging market growth and the economic recovery in North America, up to 9.1% in 2012. Since then, and with no return to strong volume growth, Lafarge's ROCE has been virtually flat, despite the impacts of a cost reduction and innovation plan for 2012-2015. In 2014, Lafarge's ROCE was 9.6%.

Over the past six years, Lafarge's growth resulted more from acquisitions than from investments in production capacities in countries where the Group was already present or in new markets. In this context, its last major acquisition – of Orascom in 2008 – was exemplary, allowing the Group to build leading positions in many Mediterranean and Middle Eastern countries.

The Group's acquisitions, and particularly that of Orascom, were chiefly financed by debt, at a time when the cash flows generated by its existing businesses were decreasing as a result of the crisis and subsequent fall in return on assets. To limit the Group's financial leverage, and with no strong overall recovery in business, Lafarge placed a tight rein on internal growth spending and divested a number of assets. However, financial leverage remains high, representing a carrying amount of 0.7 and a market value of 0.6 at 30 June 2015 (based on estimates of debt used below in the DCF method and Lafarge's market capitalisation at 30 June 2015).

2.1.2. Implications for the valuation approach

The characteristics of the business outlined above have implications in terms of applying the multi-criteria approach to estimate the value of the Company's shares. These implications should be duly taken into account, both when reviewing available valuation references (share price and financial analysts' target prices) and when implementing the valuation approaches (DCF and listed peers methods). The following section details the implications that the characteristics of Lafarge's business have for each of the valuation references and approaches that will be considered in this report.

Regarding the share price reference, the existence of significant financial as well as operating leverage in a cyclical business sector could increase the share price's sensitivity to new information, particularly in terms of the growth outlook. There is therefore a real risk that this kind of information could trigger an excessive rise or fall in the share price. For

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example, the publication of the Company's first-half 2015 results on 29 July 2015, along with a reduction in EBITDA guidance of over 4% for Lafarge and almost 10% for Holcim, should be considered carefully.

The DCF method is based on a medium-term (five-year) business plan. Despite detailed modelling which, for each market (or country), factors in forecast volumes, sales price and raw material cost trends, and initiatives to reduce fixed costs, the resulting forecasts remain highly sensitive to the macro-economic scenario used, particularly at the end of the projection period. In the current context of a prolonged trough, preparing a medium-term business plan becomes even more difficult as the macro-economic scenario is extremely uncertain (in terms of both the extent and timing of economic recovery). As we will see later, taking into account the two business plan scenarios prepared by management enables due account to be taken of this uncertainty. Caution should also be adopted as regards the return on assets forecast at the end of the projection period.

Regarding the analysis of financial analysts' target prices, the same comment can be made as to the volatility of medium-term financial forecasts (and consequently the target prices) due to the uncertainty of the macro-economic scenario considered and the combined impact of operating and financial leverage. As we will see later, this uncertainty causes the target prices published by the various analysts covering the LafargeHolcim share to vary considerably.

Lastly, regarding the listed peers method, the estimated enterprise value draws on (i) analysts' forecasts for a sample of listed peers, and (ii) share prices. The approach therefore involves both uncertainty relating to forecasts as well as the risk that the share price overreacts in the short term to any announcements regarding future growth. Close attention should therefore be paid to the date at which the multiples are calculated.

2.2. Historical analysis of the Lafarge share

2.2.1. Share liquidity

In light of the impact of the Offer on the shareholding structure – and particularly the free float – two different periods should be identified: before and after the Public Exchange Offer.

Before the Offer, Lafarge was listed on the NYSE Euronext Paris market (Compartment A). The company's market capitalisation was around EUR18 billion (average capitalisation in first-half 2015), making Lafarge one of France's 40 biggest listed companies. The Lafarge share was also part of French's benchmark CAC 40 index until its recent replacement by the LafargeHolcim share, admitted to trading on the Paris market as of 14 July 2015. Lafarge's ownership structure was characterised by the presence of three major shareholders: Groupe Bruxelles Lambert (21.1% shareholding), NNS Holding Srl (13.9%) and Dodge & Cox (7.3%), and by the large proportion of free float (58%). The large free float provided the share with a high level of liquidity: over the 12 months preceding the Offer, 63% of Lafarge's capital was traded, with daily trading volumes representing an average 0.24% of the Company's capital. The share was also regularly tracked by some 20 financial analysts.

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Lafarge - Liquidity analysis

	Average share price in €	Average daily volumes		Cumulative volumes			In €m
		Number of shares	As a % of share capital	Number of shares	As a % of share capital	As a % of free float	
29/05/2015*	64.28	851,778	0.30 %	851,778	0.3 %	0.5 %	54.8
Last week **	65.26	546,094	0.19 %	2,730,470	0.9 %	1.6 %	178.2
Last month **	64.87	628,449	0.22 %	13,825,872	4.8 %	8.3 %	896.9
Last 3 months **	63.48	900,474	0.31 %	58,530,831	20.3 %	35.2 %	3,715.7
Last 6 months **	62.11	817,782	0.28 %	106,311,667	36.9 %	63.9 %	6,603.0
Last 12 months **	60.36	697,449	0.24 %	182,034,182	63.1 %	109.4 %	10,987.0

(*) Last trading day before the opening of the Public Exchange Offer on 1 June 2015

(**) Period before 29 May 2015

Note: Average share price computed on the basis of daily closing prices

Source: Bloomberg

Since the completion of the Offer which finally closed on 28 July, the liquidity of the Lafarge share has been very low, with average daily volumes traded over the past month representing 0.03% of the capital, ten times less than trading volumes prior to the Offer. This is due to the very small free float (LafargeHolcim now owns 96.4% of the capital). Furthermore, the share is no longer covered by financial analysts, who now track the LafargeHolcim share.

Lafarge - Liquidity analysis

	Average share price in €	Average daily volumes		Cumulative volumes			In €m
		Number of shares	As a % of share capital	Number of shares	As a % of share capital	As a % of free float	
24/08/2015	57.14	89,366	0.03 %	89,366	0.0 %	0.9 %	5.1
Week before 24/08/2015	57.13	55,832	0.02 %	279,160	0.1 %	2.7 %	15.9
From 29/07/2015* to 24/08/2015	56.79	76,137	0.03 %	1,370,458	0.5 %	13.2 %	77.8

(*) Next trading day after the final closing of the Public Exchange Offer on 28 July 2015

Note: Average share price computed on the basis of daily closing prices

Source: Bloomberg

2.2.2. Share performance since the announcement of the planned merger

Since the announcement of the planned merger between Lafarge and Holcim, the Lafarge share price has increased by 4.8%²⁴ from EUR54.5 to EUR57.1, only just outperforming the 4.3% rise in its benchmark index (Euro Stoxx 600) over the same period. This performance of the Lafarge share is essentially due to two factors with contradictory effects: (i) the inclusion of a portion of the synergies expected from the merger, and (ii) the publication of operating results for full-year 2014 and first-half 2015 that underperformed market expectations.

As can be seen in the graph below, three main phases can be identified in the performance of the Lafarge share since the planned merger was announced.

- In the first phase, the share price rose sharply following the announcement of the planned merger in April 2014, as the market factored in the synergies expected from the transaction.
- The second phase in June and July 2014 saw a share price correction essentially reflecting market conditions, the likelihood that the Offer would be a success, and the terms and conditions of this Offer. A pivotal moment came in February and March 2015 with Lafarge's publication of its 2014 results (18 February 2015), when

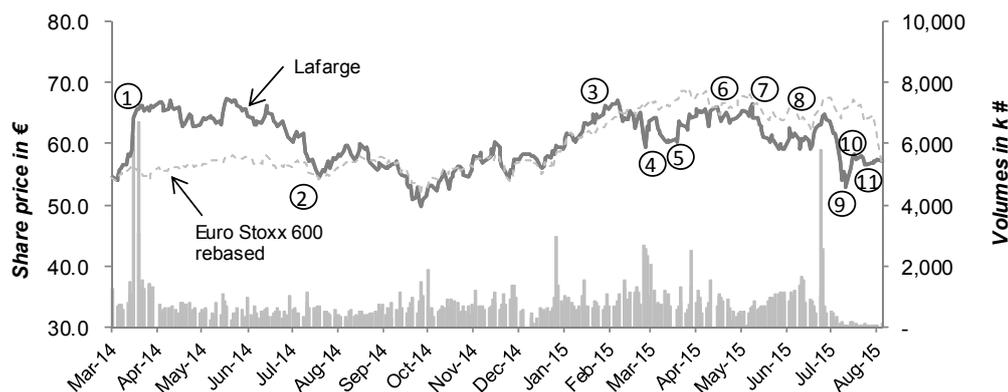
²⁴ Increase in share price between 21 March 2014 and 24 August 2015. As explained in section 2.5 of our April 2015 Report, 21 March 2014 was the date that rumours about the planned merger were supposed to have started to circulate.

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manifest tensions between the shareholders of both groups almost put the merger in jeopardy. The Lafarge share then shed 4% before a new, lower exchange ratio of 0.9 was announced on 20 March 2015²⁵.

- More recently in July 2015, the Lafarge share fell sharply on the publication of worse-than-expected first-half 2015 results. Since then, in a context of low liquidity, the share has been fairly stable despite the stock market turmoil in August prompted by China's successive devaluations of the renminbi and mounting uncertainty as regards growth in the world's second largest economy.

- Lafarge - Share price trends from March 2014 to August 2015 -



Legend

- 1 - 4 April 2014: announcement of discussions between Lafarge and Holcim
- 7 April 2014: announcement of the merger between Lafarge and Holcim
- 2 - 25 July 2014: release of H1 2014 results
- 3 - 18 February 2015: release of 2014 results
- 4 - 20 March 2015: Lafarge and Holcim announce a revised parity (9 Holcim shares for 10 Lafarge shares)
- 5 - 9 April 2015: Eric Olsen appointed as future CEO of LafargeHolcim
- 6 - 8 May 2015: Holcim shareholders approve the proposed merger with Lafarge
- 7 - 1st June 2015: opening of the Public Exchange Offer
- 8 - 3 July 2015: closing of the Public Exchange Offer
 ⇒ 8 juillet 2015 : results of the Public Exchange Offer: Holcim holds 87.46% of Lafarge shares. The offer will re-open on 15 July 2015
- 9 - 29 July 2015: release of H1 2015 results of both Lafarge and Holcim
- 10 - 31 July 2015: results of the re-opened Public Exchange Offer: Holcim holds 96.41% of Lafarge shares
- 11 - 4 August 2015: LafargeHolcim confirms its intent to launch squeeze-out for remaining Lafarge shares

2.3. Historical analysis of the LafargeHolcim share

2.3.1. Share liquidity

Previously listed on Zurich's SIX market, LafargeHolcim (formerly Holcim) shares were admitted to trading on the Paris Euronext market on 14 July 2015 and replaced Lafarge on the CAC 40 index (and on the Swiss Market Index – SMI). Based on quoted prices for the first month in which the share was listed in Paris, the new group had a market capitalisation of EUR36.8 billion.

The share is tracked by over 20 financial analysts and has a fairly large free float (63%), which provides it with substantial liquidity. Over the past month, an equivalent 7% of the Company's capital was traded on the Zurich and Paris stock markets, with average daily trading volumes representing around 0.3% of the capital.

²⁵ At the same time, the benchmark index (Euro Stoxx 600) gained 6%.

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LafargeHolcim - Liquidity analysis

	Average share price in €	Average daily volumes		Cumulative volumes			In €m
		Number of shares	As a % of share capital	Number of shares	As a % of share capital	As a % of free float	
24/08/2015	53.99	3,726,490	0.65 %	3,726,490	0.6 %	1.0 %	201.2
Week before 24/08/2015	56.76	2,229,843	0.39 %	11,149,217	1.9 %	3.0 %	632.8
Month before 24/08/2015	61.58	1,929,569	0.33 %	40,520,952	7.0 %	11.1 %	2,495.3

Notes: Average share price computed on the basis of daily closing prices at Euronext Paris

Volumes computed as the sum of traded volumes on SIX and Euronext exchanges

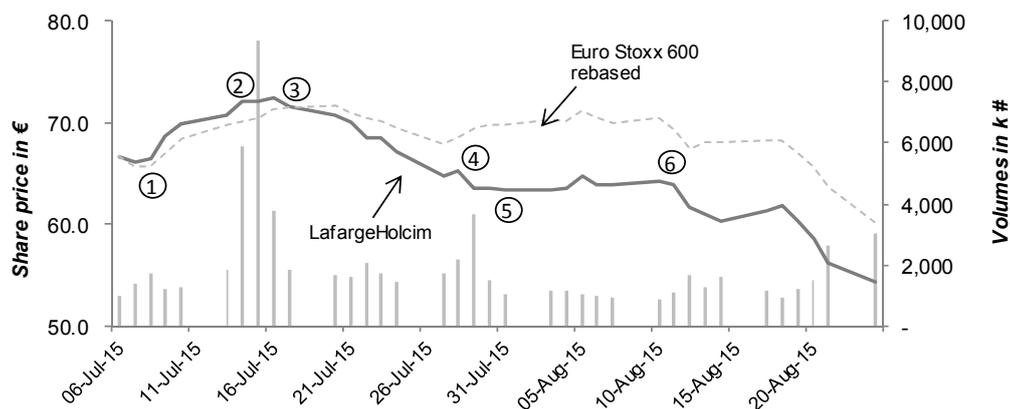
Source: Bloomberg

2.3.2. Share performance since the announcement of the results of the Public Exchange Offer

In the period from 6 July 2015 (i.e., two days before the results of the Offer were announced) and 24 August 2015, the LafargeHolcim share fell 18.5% from EUR66.7 to EUR54.3, a decrease that was almost double the 9.7% fall in the benchmark index (Euro Stoxx 600) over the same period.

As shown in the graph below, the recent performance of the LafargeHolcim share has been shaped by events which accelerated the fall in the share price. On 29 July 2015, the Lafarge and Holcim groups published worse-than-expected half-year results. These results started to be factored into the share prices early, as of 17 July following weaker-than-expected earnings figures published by Holcim's Indian subsidiary ACC. The LafargeHolcim share price came under renewed pressure during the August 2015 stock market crisis sparked by China's successive devaluations of the renminbi and hit stocks considered by the market to be cyclical and with large emerging market exposure particularly hard.

- LafargeHolcim - Share price trends since the release of Public Exchange Offer results -



Legend

- 1 - 8 July 2015: results of the Public Exchange Offer: Holcim holds 87.46% of Lafarge shares. The offer will re-open on 15 July 2015
- 2 - 14 July 2015: LafargeHolcim starts trading on Euronext in Paris and SIX in Zurich
- 3 - 17 July 2015: ACC (Indian subsidiary of LafargeHolcim) announces significant decrease in quarterly results
- 4 - 29 July 2015: release of H1 2015 results of both Lafarge and Holcim
- 5 - 31 July 2015: results of the re-opened Public Exchange Offer: Holcim holds 96.41% of Lafarge shares and exceed the limit of 95% requested to implement a squeeze-out procedure
- 6 - 11 August 2015: first devaluation of the Chinese currency triggering the start of stock exchange turmoil which worsens as of 18 August 2015

2.4. Fairness of the Compensation

As indicated above, the Transaction follows the public exchange offer which allowed Holcim to obtain the ownership interest in Lafarge required by market regulations in order to implement a squeeze-out. However, the context of the squeeze-out is fairly unusual, making any assessment of the fairness of the proposed Compensation Price more difficult.

Usually, a squeeze-out occurs following a public tender offer and provides for compensation price equal to the offer price²⁶. In this context, the independent expert appointed by the target seeks to determine the fairness of the compensation by ensuring that the following two conditions are met:

- (i) The compensation price duly factors in the value of the target's shares in the context of the strategy defined by the former controlling shareholder (or the current controlling shareholder if the target was already owned by the offeror).
- (ii) The percentage of synergies paid by the offeror to the target's shareholders, as evidenced by the value of the premium (itself valued as the difference between the offer price and the estimated value of the target on a stand-alone basis, i.e., before taking into account the impacts of the transaction) is appropriate in light of the total amount of synergies expected by the offeror and the alternative value creation strategies that may be implemented by other potential owners of the target²⁷.

In the case at hand, due to the conditions in which the acquisition occurs (i.e., by means of an exchange of shares), we do not have an explicit price for the acquisition of the target's shares. Accordingly, there is no obvious reference for determining the compensation price to be paid to minority shareholders. The lack of any reference also means that we have no indication as to the percentage of synergies paid to the shareholders at the time of the acquisition of the first 96.4% based on an explicit estimate of the control premium.

As a result, unlike in standard cases where analysing the size of the premium is generally enough to ensure that the percentage of synergies paid to the target's shareholders is appropriate (second fairness condition specified above), in this case we cannot avoid explicitly estimating the synergies expected from the merger in order to determine the fair proportion payable to Lafarge shareholders. Indeed, estimating the value of the synergies expected from the merger takes on even greater importance when we consider that the substantial synergies expected by the management of both groups have been the overriding factor in ensuring the success of the Offer among Lafarge shareholders, as the exchange ratio adopted did not allow for any premium for shareholder²⁸.

In the specific context of this squeeze-out, the two conditions to be met for the proposed Compensation Price to be considered as fair are as follows:

- (i) The Compensation Price must take due account of the value of Lafarge's business at the date of the Transaction, before factoring in the impacts of the merger (see "Enterprise Value on a stand-alone basis" below).
- (ii) The Compensation Price must factor in a fair percentage of the synergies expected from the merger ("Synergy Value"). To ensure the fair treatment of all shareholders, this percentage should be equal to that attributable to the Lafarge shareholders

²⁶ Except in the specific case of a public buyout offer where the offeror already holds over 95% of the target.

²⁷ The premium is significant when substantial synergies are expected from the merger between the offeror and the target, and several potential buyers could unlock all or some of these synergies. In contrast, the premium is low (or even zero) when potential synergies are few (or even non-existent) or when only one potential buyer is able to unlock them.

²⁸ This aspect of the Offer – which is the logical result of the "merger of equals" desired by the management of both groups – was clearly apparent in the valuation procedures performed in connection with our April 2015 Report.

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having tendered their shares, subject to a discount to reflect the timing of the synergies and the risk that they may not materialise.

Based on the above, the Compensation Price may be considered fair provided that it falls within the range of estimates of the fair price of Lafarge shares (the "Fair Price") resulting from the estimated fair value of Lafarge equity, determined as follows:

	Value of the business excluding synergies ("Enterprise Value on a stand-alone basis")
+	Percentage of synergies attributable to Lafarge shareholders ("Synergy Value")
-	Net debt and other adjustments
=	Fair value of Lafarge equity
/	Number of shares
=	Fair price of Lafarge shares

Section three below deals specifically with estimating the fair value of Lafarge equity in accordance with the recommendations of market regulators for similar situations.

3. Estimation of the fair Price of Lafarge shares

This section describes the valuation work performed in order to estimate the Fair Price of the Lafarge 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.

For the reasons outlined in the previous section and in light of the substantial synergies expected from the merger, we preferred valuation approaches that allowed us to estimate the fair value of equity by separately valuing its three components, i.e.: Enterprise Value on a stand-alone basis, the Synergy Values, and the value of net debt. By default, we will also examine the valuation references available for the Lafarge share that factor in the expected impacts of the merger (i.e., a percentage of the overall synergies), and which therefore do not allow for a reliable, explicit measurement of the three components of the fair value of the Group's equity.

3.1. Available valuation references

3.1.1. Consolidated net book assets

In the present case, the net book assets per share cannot be considered a pertinent basis for determining the Fair Price, particularly 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

The significant recent transaction is obviously the Offer for over 96% of the capital. By nature, this transaction does not give an explicit price reference, but allows us to infer a price for Lafarge shares by adjusting any value reference for LafargeHolcim shares based on the exchange ratio adopted in the Offer. This is the approach we adopt below, giving due consideration to the share prices and financial analysts' target prices used as references (see sections 3.1.4 and 3.1.5 below).

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3.1.3. Lafarge share price

As seen above in section 2.2.1, the conditions required for a well-functioning, efficient market for the Lafarge share do not exist any more since the completion of the Offer, as the size of the free float is much smaller and the share is fairly illiquid with minimal daily trading volumes (representing under 0.03% of the capital). Further, the large majority of financial analysts have stopped covering the share.

We therefore do not consider the Lafarge share price after the Offer as a pertinent reference for determining the Fair Price.

In our April 2015 Report, we approached the stand-alone value of the Lafarge shares taking into account the share price prior to the announcement of the planned merger on 4 April 2014. However, we specified that this reference did not factor in the impact of events arising after the Offer was announced, which were unrelated to the Offer but nevertheless likely to impact the stand-alone value of the Group. We nevertheless considered this to be a pertinent reference as the resulting bias affected both groups in a symmetrical manner (both groups were sensitive to the same medium- and long-term macro-economic factors). In the present case, where we are looking to estimate not an exchange ratio but only Lafarge's Enterprise Value on a stand-alone basis, such a bias is no longer acceptable since it no longer affects the groups in the same way. Accordingly, Lafarge pre-Offer share price increased by the estimated Synergy Value per share is not a pertinent reference for determining the Fair Price.

3.1.4. LafargeHolcim share price

As indicated in section 2.3 above, the conditions required for a well-functioning, efficient market for LafargeHolcim (formerly Holcim) shares exist: large free float, significant volume of daily market trades, and regular coverage by over 20 financial analysts.

Subject to considering a pertinent reference period, we therefore believe that the LafargeHolcim share price can, by transparency, represent a satisfactory basis for estimating the Fair Price, by adjusting the quoted prices based on the 0.9 exchange ratio adopted for the Offer.

To ensure that this reference takes due account of all of the synergies expected from the merger, the price of LafargeHolcim shares should be considered over a period after the success of the Offer was announced (i.e., 8 July 2015). As indicated above in section 2.3, the share performance since that date has been particularly volatile: first, following the publication of disappointing first-half 2015 results by both Lafarge and Holcim, and second due to the stock market crisis triggered by China's successive devaluations of the renminbi.

In this respect, we consider that the share prices observed after the start of the stock market turbulence cannot reasonably be taken as a pertinent reference for determining the Fair Price. Considered a cyclical stock with strong emerging market exposure, the LafargeHolcim share came under severe pressure in the market. Yet a clearly undervalued market capitalisation cannot be used as a basis for determining a compensation price for Lafarge minority shareholders, particularly since those shareholders are not seeking immediate liquidity: after all, on two occasions they chose not to tender their shares to the Offer and remain as minority shareholders of the Company.

The timeframe we considered for our analysis therefore runs from the announcement of the success of the Offer (8 July 2015) to the start of the stock market crisis (11 August 2015). This period includes the first-half results publication date (29 July 2015) and the share prices therefore factor in the market's extremely negative reaction to the news. The

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LafargeHolcim share shed 12.2% of its value between 16 July and 29 July 2015²⁹, whereas the EBIT guidance published by Lafarge and Holcim for 2015 was only cut by 10% and 4%, respectively (representing a decrease of around 7.4% in EBIT for the new group).

In order to take into account the possibility that the market overreacted to the publication of the first-half 2015 results, we used two different reference periods:

- The first period runs from 8 July 2015 (the date on which the results of the Offer were announced) to 16 July 2015 (the day before ACC published its results) and gives an average price of EUR70.3 for the LafargeHolcim shares, from which we can infer a value of EUR63.3 for the Lafarge shares.
- The second period runs from 29 July 2015 (the date on which the first-half 2015 results were published) to 10 August 2015 (the day before China's first devaluation of the renminbi) and gives an average price of EUR63.8 for the LafargeHolcim shares, from which we can infer a value of EUR57.4 for the Lafarge shares.

3.1.5. Target prices for LafargeHolcim issued by financial analysts

As with stock market prices, target prices issued by financial analysts for the LafargeHolcim share can, by transparency, represent a satisfactory basis for estimating the Fair Price by adjusting the target prices based on the 0.9 exchange ratio adopted for the Offer.

For the reasons outlined above for the share prices, we do not use the target prices mentioned in reports prior to the announcement of the success of the Offer. Further, since we believe the target prices to have been determined based on a medium- to long-term outlook, we only used the reports published after the publication of the first-half 2015 results (i.e., 29 July 2015). On this basis, we obtained a sample of 17 analyst reports.

LafargeHolcim - Recommendations and target prices since the release of Lafarge and Holcim H1 2015 results

Brokers	Date	Nature of recommendation	Target price (€)	Share price on day before publication (€)	Upside/ (downside)	Lafarge fair share price by transparency (€)
Broker 1	28-Aug-15	Neutral	64.3	56.6	13.7 %	57.9
Broker 2	26-Aug-15	Reduce	55.2	55.6	(0.8)%	49.7
Broker 3	26-Aug-15	Outperform	67.7	55.6	21.8 %	61.0
Broker 4	24-Aug-15	Outperform	74.0	56.2	31.7 %	66.6
Broker 5	20-Aug-15	Sell	52.7	60.4	(12.7)%	47.4
Broker 6	17-Aug-15	Hold	63.6	60.4	5.4 %	57.3
Broker 7	7-Aug-15	Neutral	67.7	63.8	6.0 %	60.9
Broker 8	6-Aug-15	Outperform	80.8	64.7	25.0 %	72.7
Broker 9 *	5-Aug-15	Outperform	74.0	63.6	16.3 %	69.9
Broker 10	3-Aug-15	Neutral	70.5	63.3	11.3 %	63.4
Broker 11	3-Aug-15	Buy	73.5	63.3	16.0 %	66.1
Broker 12	31-Jul-15	Hold	65.9	63.5	3.9 %	59.4
Broker 13	30-Jul-15	Buy	85.9	63.6	35.1 %	77.3
Broker 14	29-Jul-15	Neutral	63.9	65.3	(2.0)%	57.5
Broker 15	29-Jul-15	Buy	89.3	65.3	36.9 %	80.4
Broker 16 *	29-Jul-15	Buy	82.1	65.3	25.8 %	77.6
Broker 17	29-Jul-15	Outperform	79.0	65.3	21.0 %	74.6
Average			71.2			64.7
Median			70.5			63.4
Min			52.7			47.4
Max			89.3			80.4
<i>Standard deviation</i>			<i>14.3 %</i>			<i>15.0 %</i>

Note: () Parity used to estimate Lafarge faire share price is adjusted as the broker takes into accounts expected dilution related to the future dividend payment in shares which should occur in September 2015*

A wide range of target prices can be observed (between EUR52.7 and EUR89.3). This disparity is essentially attributable to the combined impact of Lafarge's operating and

²⁹ 16 July 2015 is the date on which *Holcim's* Indian subsidiary ACC published disappointing results, precipitating the slide in the *LafargeHolcim* share price.

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financial leverage (see section 2.1 above). To a lesser extent, the range could also result from the difficulty arising due to changes in the LafargeHolcim scope (effective at 30 June 2015 following the commitments made to competition authorities in connection with the merger or announced after the Group increased its presence in China in particular). This can give rise to differences in analysts' forecasts, particularly as regards the level of net debt.

Due to this wide disparity in target prices, we should approach this reference for estimating the Fair Price with caution.

3.2. Estimating the Fair Price using standard valuation methods

3.2.1. A four-step valuation approach which excludes any direct approach to equity value

To estimate the Fair Price using standard valuation methods, we adopted a four-step approach which involved successively estimating (i) the value of the businesses before taking into account the impacts of the merger (Enterprise Value on a stand-alone basis), (ii) the value of the portion of synergies attributable to Lafarge shareholders (Synergy Value), (iii) the value of net financial debt and of assets and liabilities not directly needed in operations ("current non-operating assets and liabilities"), and (iv) equity value, determined as the net of these components.

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 peers to have a similar capital structure – rarely the case in reality.

The methods selected to value Lafarge's businesses 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. For reasons outlined below in section 3.5, we were unable to use the comparable transactions method.

The estimates of the Fair Price resulting from the two valuation methods used are provided below in sections 3.3 and 3.4. These estimates include the Enterprise Value on a stand-alone basis obtained from each method along with the Synergy Value (section 3.2.2), net financial debt and other current non-operating assets and liabilities (section 3.2.3) and the diluted number of Lafarge shares (section 3.2.4).

3.2.2. Estimating Synergy Value

To estimate this essential component of the Fair Price, we first estimated the value of the total synergies expected from the merger and then determined the portion attributable to Lafarge shareholders.

3.2.2.1. Valuation approach

The impact of the recurring synergies as presented by Lafarge management when the merger was announced in April 2014 represents EUR1.2 billion (pre-tax cash flows) three years after the merger. This amount was broken down as follows:

- Additional sales (17% of the total): Since each group will make available its own portfolio of specific products and technologies, each will be able to offer a broader

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range in its trading segment, and this should boost sales volumes and operating income.

- Cost savings (66% of the total): The merger 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 manufacturing processes.
- Capital expenditure savings (17% of the total): The merger will enable (i) purchase terms and conditions and plant design to be improved, and (ii) each group's production capacity to be optimised as certain potential stand-alone projects will not now go ahead.

The merger also includes two "one-off" impacts:

- improved working capital, with an estimated positive impact of EUR0.4 billion on cash flows over a three-year period;
- synergy implementation costs amounting to an estimated EUR1.0 billion.

As indicated in our April 2015 Report, due to the nature of the contemplated synergies, the value expected to be created by the merger 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 two groups' respective shareholder value. In our opinion, this result was obtained through the exchange ratio that was so well received by the market at the time of the Offer, as it was reasonably based on the estimated stand-alone value of the shares of both groups.

In the context of the current Transaction, the same method of allocating synergies must be preferred in order to ensure fair treatment between shareholders having tendered their shares to the public exchange offer and those choosing to continue holding their shares.

The fair portion of the synergy value attributable to Lafarge shareholders ("Synergy Value") was determined using a two-step approach:

- First we calculated the value of the total synergies attributable to Lafarge and Holcim shareholders (Total Synergy Value) using the DCF method. DCF is the only method able to distinguish between the different types of synergies and therefore factor in different probabilities that the synergies will materialise using different discount rates.
- We then calculated the portion attributable to Lafarge and Holcim shareholders by applying a percentage of 44.5%³⁰ inferred from the merger's exchange ratio of 0.9.

3.2.2.2. Estimating the Total Synergy Value

Information used

To estimate the cash flows expected to arise from the synergies, we drew on the presentation prepared jointly by Lafarge and Holcim in connection with the announcement of their planned merger to the market on 7 April 2014. The estimates provided at this time were formally reiterated (in millions of euros) by both groups in July 2015 on publication of their first-half 2015 results.

³⁰ Percentage calculated based on the diluted number of *Lafarge* and *Holcim* shares as calculated for the purposes of our April 2015 Report.

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We were also provided with a specific business plan prepared by teams of both groups, detailing the synergy targets for each country. We have two remarks to make on this business plan:

- It covers almost 70% of the total recurring synergies, as certain cost synergies at the level of the head offices and investment synergies are not included.
- The business plan estimates confirm the estimates announced to the public in the sense that the first estimates implicitly reveal a margin of prudence in the second estimates aimed at covering execution risk.

In light of the above, we chose to base our work to value the synergies on published information rather than internal data.

Estimating annual cash flows and selecting the discount rates

The post-tax cash flows were estimated based on the synergy targets (in terms of amount, implementation cost and timing) officially announced by management. Once the full impact of the synergies was felt, we applied an annual growth rate of 1.5%. This is consistent with the inflation rate implicit in the discount rates used later on. No amount was deducted from the cash flows in respect of execution risk, as this risk was already factored into the estimates provided to the market.

The only adjustment made concerns capital expenditure savings. We understand that a fairly large portion of these savings results from the optimisation of each group's production capacity, since certain projects that would have been run on a stand-alone basis will not now go ahead. In theory, the fact that these projects will not now run should have a negative impact on sales growth, at least in the short term, as compared with sales growth in the stand-alone scenario. In estimating the Total Synergy Value, we therefore only retained the portion of capital expenditure savings (around half of the total) that results from improved purchase conditions and project design. These capital expenditure savings lead to a reduction in depreciation and hence in the related tax savings. This was duly taken into account in our valuation work.

Lastly, the portion of the synergies attributable to the minority shareholders of both groups was deducted from the resulting cash flows, i.e., an estimated 13.5% based on the business plan for the synergies.

In terms of the long-term nature of the recurring annual flows expected three years after the merger, we consider that the additional return on assets generated by the synergies is likely to disappear with time, mainly due to new competitive pressures stemming from the reaction of other industry players to the merger of the two leading groups. Specifically, we considered that the recurring cash flows obtained after three years will gradually decrease, down to zero after a period of 20 years.

We believe that the execution risks are different, depending on the types of synergies considered. Therefore, we discounted these estimated cash flows by applying two different discount rates:

- A discount rate of 5.0% was applied to synergy implementation costs, cost savings, capital expenditure savings and improvements in working capital, as we consider that the associated risk is lower than the risk associated with the operating cash flows of Lafarge or its listed peers (risk similar to long-term default risk).
- However, we also applied a discount rate of 10% (more than the 8% cost of capital computed in section 3.3.3 below), on the grounds that the visibility as regards revenue synergies was less than that for the cash flows generated by Lafarge's businesses on a stand-alone basis.

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3.2.2.3. Determining Synergy Value

As shown in the table below, the Total Synergy Value based on the factors discussed above is EUR5.2 billion.

Lafarge - Estimation of the Synergy Value	
in EURm	
Value of the synergies expected from the merger	6,001
- Share attributable to Lafarge and Holcim's minority interests (13,5%)	810
= Value of the synergies expected from the merger (group share)	5,191
x Share attributable to Lafarge shareholders *	44,5 %
= Synergy Value	2,311

* Resulting from the merger parity of 0.9 Holcim share for 1.0 Lafarge share

This estimate, which was obtained as the merger became certain to go ahead, represents an increase of 15% in the combined Lafarge and Holcim shareholder value before the announcement of the planned merger³¹. The 15% increase is wholly in line with two alternative estimates of the merger impacts, obtained before the merger became certain to go ahead: (i) the impact of the announcement of the planned merger on the combined shareholder value of both groups, i.e., around 13%³², and (ii) analysts' revised target prices in the two months following the announcement of the planned merger, i.e., around 16%³³.

In all, based on the allocation of the Total Synergy Value derived from the exchange ratio in the public exchange offer, the Synergy Value (i.e., the portion attributable to Lafarge shareholders) comes out at EUR2.3 billion, i.e., around EUR7.9 per share.

3.2.3. Net financial debt and other current non-operating assets and liabilities

To ensure consistency with the consolidation scope used for the business plan, we estimated the different reconciling items mentioned below, based on the pro forma balance sheet at 30 June 2015. The balance sheet was provided to us by Lafarge management and fully consolidates the Group's Chinese operations (previously accounted for by the equity method). The consolidation method for the Chinese operations was changed following SOCAM's acquisition of 45% of Lafarge Shui On, the Group's holding company in China, after the success of the Offer had been announced.

Net financial debt

Lafarge's net financial debt at 30 June 2015 chiefly comprises bonds with a market value higher than book value due to the lower interest rates observed over the past few years. Lafarge management provided us with a revised market value for these bonds at 30 June 2015.

Minority interests

Given the significance of minority interests for Lafarge, even a rough estimate of the market value should be preferred to the book value recorded in the balance sheet.

For unlisted subsidiaries, the market value of minority interests at 30 June 2015 was estimated by multiplying the book values at 30 June 2015 by a Price-to-Book ratio (PBR) based on average market capitalisations over the same period as that used in the listed

³¹ Computed based on a combined market capitalisation of €34,635 million for *Lafarge* and *Holcim* on 21 March 2014, the day before rumours of a potential merger announcement first began to circulate.

³² Estimate provided in our April 2015 Report based on an analysis of abnormal returns over a period of ten trading days between 24 March 2014 (nine days before the announcement of the planned merger) and 4 April 2014 (date of the announcement).

³³ Estimate provided in our April 2015 Report based on the median increase in *Lafarge* and *Holcim* shares.

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peers method (i.e., from 29 July 2015 to 10 August 2015). A PBR of 3.2x was used for companies based in emerging markets (median PBR observed for a sample of cement groups in developing countries) and 1.1x for companies mainly based in mature markets (average PBR of Heidelberg Cement and Cemex).

Some of Lafarge's investments that are fully consolidated but not fully owned by the company are listed. In this case, to obtain an estimate of the market value of minority interests at 30 June 2015 not distorted by the merger announcement, we excluded the market capitalisation of these companies as a reference, as this indicator may have been significantly impacted by the synergy outlook. We therefore used the same reference as for unlisted companies (i.e., the two PBRs mentioned above).

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. 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 the Group's registration documents, 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 the Group's future free cash flows.

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 minority interests, the market value of these investments was determined using the listed peers method based on different PBRs (developed or emerging markets).

Assets and liabilities held for sale

Assets and liabilities held for sale relate to the scope of sales being carried out in accordance with commitments made to competition authorities. They mainly include the sale of assets relating to the investment in Tarmac in the UK, assets held by the Group in Reunion Island (except for the interest in Ciments de Bourbon), Germany and Romania, and certain assets in the Philippines, Brazil and the US (Davenport cement plant and seven Mississippi distribution terminals).

The value of assets and liabilities sold was estimated based on the estimated sale prices prepared by Lafarge management.

Tax savings arising on tax loss carryforwards

Potential tax savings recognised in the Group's consolidated balance sheet 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, this is the amount taken into account in the valuation of Lafarge.

Since there are no more recent estimates, we used the amount of tax loss carryforwards available in the short and medium term at 31 December 2014.

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Adjustment relating to average working capital

Lafarge's construction business is highly seasonal, essentially due to bad weather. To reflect the real capital intensity of the business in our assessment of the Group's forecast return on assets (namely in order to compute a terminal value for the DCF method), we adjusted the balance sheet at 30 June 2015, repositioning the Group in an "average" situation. More specifically, we first determined an average level of operating working capital ("Strict Working Capital") in terms of number of days' sales, based on the average monthly levels observed in the 2013 and 2014 reporting periods and the estimated sales for 2015. We then adjusted the balance sheet at 30 June 2015 by deducting from working capital and net financial debt an amount equal to the difference between book working capital at 30 June 2015 and the estimated average working capital as estimated at that date.

Cash received on the exercise of stock options

Cash received on the exercise of stock options "in-the-money" at 21 August 2015 was taken into account when determining equity value from enterprise value.

Other non-operating assets and liabilities

Other non-operating assets and liabilities chiefly relate to provisions for contingencies and expenses and other financial assets.

In theory, the cash outflows associated with provisions for contingencies and litigation at 30 June 2015 are not taken into account in the business plan forecasts and the provisions (net of their tax effect) were therefore included in non-operating liabilities.

Other non-current financial assets chiefly relate to long-term loans and receivables.

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 the business plan amounts. Accordingly, these items are not included in the calculation of equity value based on enterprise value.

Summary

The table below summarises the items taken into account to compute equity value based on estimated enterprise value (using the DCF or listed peers method) and estimated Synergy Value.

Net financial debt and other non-operating liabilities (assets)

en EURm

Net financial debt ⁽¹⁾	12,901
+ Non-controlling interests	5,577
+ Pension provisions, net of tax impact	905
- Investments in associates and joint-ventures	3,476
- Assets held for sale	4,099
- Tax losses carryforward	1,059
- Cash received on exercise of stock-options	59
+ Adjustment related to average working capital level	98
+ Other non-operating liabilities (assets)	(175)
= Net financial debt and other non-operating liabilities (assets) as of 30 June 2015	10,612

(1) Market value of debt, pro forma of Chinese subsidiary integration

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3.2.4. 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. The calculation is made on the basis of the total number of shares issued less any treasury shares held. 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.

The data used corresponds to the most recent information available at the date of our valuation work, i.e., dating from the end of July 2015³⁴.

Diluted number of shares as of 31 July 2015	
Issued shares	288,474,712
- Treasury shares	68,082
= Outstanding shares	288,406,630
In the money stock-options *	1,424,756
Performance shares **	1,071,122
+ Potential dilution	2,495,878
= Diluted number of shares	290,902,508

(*) Reference share price as of 21 August 2015

(**) Adjusted for the disposals to CRH

3.3. Estimating the Fair Price using the DCF method

3.3.1. Estimating annual cash flows

To estimate the cash flows expected to be generated by Lafarge's businesses on a stand-alone basis, we used the Company's business plan dated 22 July 2015. This business plan covers the period 2015-2020 and was prepared as part of the Company's usual planning process. It does not include the synergies expected from the merger, but does take account of the divestments carried out in connection with commitments made to competition authorities. The forecasts for 2015 correspond to the latest version of the budget, as forecasts for subsequent years were adjusted at this date by Lafarge's Corporate Strategy and Finance teams, after various modifications for each country.

The business plan incorporates two different versions of the investment strategy, underpinned by the assumption of an overall macro-economic recovery following several years of sluggish growth. In the first version ("Version 1"), the Group pursues a proactive investment strategy designed to ensure robust medium-term growth beyond the period covered by the business plan. In the second version ("Version 2"), the Group only undertakes those investment projects already validated by the Executive Committee. This last scenario does not build in expectations of volume growth beyond the period covered by the plan.

In the usual planning process, once the teams have drawn up the business plan, it is validated by the Group Executive Committee, which may decide to include a margin of prudence in relation to the plan forecasts. We understand that this year, due to the ongoing merger with Holcim and the likely reshuffle of the Lafarge Executive Committee, the

³⁴ Lafarge management confirmed that the limited changes in the number of shares at 30 June 2015 and 31 July 2015 had no impact on Group cash.

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business plan was not validated by the Group Executive Committee. The two above-mentioned versions do not therefore take into account margins of prudence to cover geopolitical or operational risks, etc. In this sense, the published forecasts are a reflection of management's ambitions rather than an average scenario. As we will see below in section 3.3.3, we have included this aspect in our valuation work by raising the discount rate that would apply to cash flows in the "average scenario" using a specific risk premium.

As outlined above in section 2.1.2, Lafarge's business is highly sensitive to the growth assumptions adopted. For our valuation work, we constructed two scenarios using both versions of the business plan. Details of the scenarios are given below.

High-Case Scenario (2015-2024)

The high-case scenario ("High-Case Scenario") assumes a significant economic recovery and a proactive investment strategy. It therefore naturally draws on the forecasts for the different items comprising available cash flows in Version 1 of the business plan (sales, EBITDA, impairment, change in working capital, investment spending). To factor in all of the growth generated by investments made over the period covered by the business plan, we extrapolated the business plan forecasts over an additional four-year period, resulting in an explicit forecast period of ten years.

At the end of the business plan period, due to the levels of investment expected by management, we consider that the Group will not have achieved a level of sales that reflects the full use of its production assets. Accordingly, we used the following growth assumptions:

- An additional three-year period of strong sales growth (5% p.a.), corresponding to the time needed to build and increase production at new plants built at the end of the business plan (one to three years reflects the time needed according to management). In the last year of the extrapolation period, sales growth is at the level used to calculate the terminal value (1.5%).
- A linear increase in the turnover of capital employed (to reflect better use of production assets) towards the level planned for 2020 in Version 2 of the business plan.
- Constant ROCE over the four years of the extrapolation, equal to that set as a target at the end of the business plan period.

A 30% tax rate is used to calculate tax based on zero debt³⁵.

Low-Case Scenario (2015-2020)

Like the High-Case Scenario, the low-case scenario ("Low-Case Scenario") assumes an economic recovery but projects a lower level of investment spending and therefore takes the forecasts set out in Version 2 of the business plan.

According to Lafarge management, the level of investment spending projected in this scenario does not allow additional volume growth to be generated after 2020. The performance forecast for 2020 (in terms of both sales and return on assets) therefore reflects the maximum use of production assets. Since there is no additional growth, no extrapolation period need be considered.

As in the High-Case Scenario, the tax rate used to calculate tax based on zero debt is 30%.

³⁵ This rate seems reasonable as it is higher than the average rate applicable in the countries where *Lafarge* operates, weighted for the relative EBITs generated in these countries. Therefore, taxes taken into account in free cash flows do not incorporate tax savings arising on tax loss carryforwards at the valuation date. As explained above, these savings were incorporated in the adjustments made to the enterprise value for the calculation of the equity value.

3.3.2. Calculating a terminal value

The terminal value of the business at the end of the explicit forecast period (i.e., respectively end-2020 and end-2024 for the Low-Case and High-Case Scenarios) was calculated based on the commonly-used method of discounting a normative cash flow over an unspecified period, by reference to a normative level of return on assets and a perpetuity growth rate.

As indicated above in section 3.3.1, due to the "proactive" nature of both versions of the business plan provided to us, the return-on-asset levels expected at the end of the business plan (2020) cannot be considered as pertinent references to estimate the normative cash flow. We considered normative a return on assets close to that forecast for the middle of the business plan period. This return on assets – identical in both versions of the business plan – is almost 25% below the levels expected in 2020.

We used 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 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 methods of calculating the discount rate only consider 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%.
- **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

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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 a period of five years for both Lafarge and Holcim and the comparable listed companies Heidelberg Cement and Cemex (see section 3.5 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's business to the wider economic climate is limited by the Group's global reach, 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 has high and probably above-average operating leverage. Overall, therefore, these two factors justify a near-average unlevered beta coefficient.

- **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, an opportunity cost of capital of 8.0% was applied to Lafarge's businesses, i.e.:

$$\text{Opportunity cost of capital} = 3.5\% + [1.0 \times 4.5\%] = 8.0\%$$

The opportunity cost of capital based on the CAPM is designed to take into account the specific, non-diversifiable risk of the businesses valued. It therefore assumes that all specific risks (i.e., those that may be eliminated by an appropriately diversified investor) are duly factored into the forecast cash flows. In other words, it assumes that the cash flows used for the purposes of the DCF method constitute cash flows that would be considered representative of an "average-case scenario".

Based on our discussions with Lafarge management, we understand that neither of the business plan versions – on which the two Low-Case and High-Case Scenarios included in the valuation are based – factor in the margins of prudence that are generally taken into account by the Group (see above in section 3.3.1). These scenarios therefore describe a better growth outlook than that which would result from "average-case scenarios". Since we are unable to prepare these "average-case scenarios" and in order to ensure the necessary consistency in DCF between the cash flows taken into account and the discount rate used, we raised the cost of capital applied to Lafarge's businesses by adding a specific risk premium. We set this risk premium at a fixed percentage of 0.5%. In economic terms, applying such a premium is tantamount to discounting the normative operating margin by around 10%.

The discount rate used to value Lafarge's businesses therefore comes out at 8.5%, i.e.:

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$$\begin{aligned}\text{Discount rate} &= \text{Opportunity cost of capital} + \text{Specific risk premium} \\ &= 8.0\% + 0.5\% = 8.5\%\end{aligned}$$

3.3.4. Results of the method

As indicated in the table below, the DCF method gives a range of Fair Price estimates of between EUR56.8 and EUR66.7.

Fair value of Lafarge equity		
in EURm	Low case	High case
Standalone Enterprise Value	24,821	27,695
+ Synergy Value	2,311	2,311
- Net financial debt and other adjustments	10,612	10,612
= Fair value of Lafarge equity as of 30 June 2015	16,520	19,394
in EUR per share	56.8	66.7

3.4. Estimating Fair Price using the listed peers method

Like the DCF method, the listed peers method is designed to first provide an estimate of Enterprise Value on a stand-alone basis. Given the scale of the merger between the two industry leaders (Lafarge and Holcim), the Offer could have impacted the earnings outlook and share price of listed peers. We therefore consider that estimates of the Fair Price derived from the listed peers method are less pertinent than estimates obtained from the DCF method.

Selecting relevant multiples

As in our April 2015 Report, we ruled out sales multiples due to the distortion resulting from differences in returns on assets. Further, in the absence of a major difference in depreciation/amortisation policy, we also 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.

Selecting a sample of comparable companies

The approach and conclusions drawn from our sample of comparable companies are the same as those described in the April 2015 Report and outlined below.

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 in terms of businesses. Note that we did not include Irish company CRH in this first sample as this company derives a large portion of its sales from activities not directly linked to the manufacture of cement, concrete or aggregates. This was despite CRH's recent acquisition of certain assets sold by Lafarge and Holcim in Europe and the US following the success of the Offer.

Among the eight companies selected, only two (Heidelberg Cement and Cemex) can be said to be comparable to Lafarge 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: 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.

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Applying the listed peers method and results

As explained above, this method is based on EBIT multiples as 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 period from 29 July 2015 to 10 August 2015, and (ii) net financial debt and current non-operating assets and liabilities at 30 June 2015. The period used to calculate the market capitalisation enables the potential impact of the publication of Lafarge's and Holcim's results on the market value of other industry players to be taken into account, while disregarding the recent turbulence on equity markets.
- As denominator for the calculation of EBIT: analyst consensus data available at 10 August 2015, in order to ensure consistency with the market capitalisations used as numerator.

Current non-operating assets and liabilities were included at market value as far as possible. As for Lafarge (see section 3.2.3 above), the value of minority interests and associates was estimated using a PBR of 1.1x for companies in mature markets and of 3.2x for those in emerging markets.

To take into account the development potential of the companies in the sample, we took multiples based on forecast EBIT. Ultimately, we only used the 2016 multiple and excluded the 2017 multiple as the market consensus for this period is less reliable (at 10 August 2015, only half the number of financial analysts publishing forecasts for 2016 had also published forecasts for 2017).

Based on the above, the 2016 EBIT multiples for Heidelberg Cement and Cemex are 10.0x and 12.7x, respectively.

EBIT multiple of comparable companies

	Heidelberg Cement (EURm)	Cemex (MXNm)
Market capitalisation ⁽¹⁾	13,218	10,719
+ Non-controlling interests	3,142	1,583
+ Net financial debt (30 June 2015)	7,091	15,747
+ Other non-operating liabilities (assets)	(2,963)	(1,777)
= Enterprise value	20,488	26,271
/ EBIT 2016e ⁽²⁾	2,048	2,077
= 2016 EBIT multiple	10.0x	12.7x

(1) 12-day average market capitalisation as at 10/08/2015

(2) Source: CapitalIQ; Market consensus as at 10/08/2015 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 difference in multiples for Heidelberg Cement and Cemex can be explained by a difference in risk (the main factor determining multiples), since we explained above that both groups were reasonably comparable from this point of view, as corroborated by the estimated unlevered beta coefficients for the two groups (1.2 and 1.1, 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 analysts' forecasts, which show higher 2016 and 2017 EBIT growth for

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Cemex than for Lafarge but lower growth for Heidelberg Cement than that expected for Lafarge.

Rather than consider an average multiple, we therefore calculated two estimates of the Enterprise Value on a stand-alone basis by reference to the 2016 multiples respectively published by Heidelberg Cement (10.0x) and Cemex (12.7x). On this basis, the Fair Price comes out within an estimate range of between EUR44.8 and EUR64.8.

3.5. Limits of the comparable transactions method for estimating the Fair Price

Unlike the share prices used in the listed peers method, the transaction prices adopted for the comparable transactions approach factor in premiums, i.e., the portion of synergies retained by the shareholders of the target. In the case at hand, therefore, the comparable transactions method in theory captures two essential components in calculating the Fair Price: Enterprise Value on a stand-alone basis and Synergy Value. As indicated below, questions arise in reality that lead us to rule out the method.

No transaction involving global cement groups genuinely comparable to Lafarge 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. However, Heidelberg Cement's acquisition of cement group Italcementi announced on 28 July 2015 is worth considering insofar as the target company's businesses are fairly similar to those of Lafarge, although they have a narrower geographical reach.

Nevertheless, the synergies disclosed at the time this merger was announced (additional EBITDA on a full run-rate basis of around 1% of combined sales) are far below those expected in the Lafarge and Holcim merger (additional EBITDA of over 3% of combined sales). Accordingly, using the multiples derived from this transaction would lead us to underestimate the Fair Price. This is corroborated by the multiples derived from approved estimates of the Enterprise Value on a stand-alone basis and the Synergy Value obtained or used in the DCF method (2016 EBITDA multiple around 15% to 25% higher than the multiple resulting from the transaction).

Consequently, we did not apply the comparable transactions method.

4. Analysis of the valuation report prepared by the Banks

As part of our assignment, we analysed the valuation report prepared by Société Générale and UBS in connection with the Transaction, a summary of which is included in the draft prospectus which will be published. We set out below our comments on this analysis.

4.1. Valuation approach

The Banks adopted a multi-criteria approach and looked at three bases for the valuation (valuation references): (i) the Lafarge share price, (ii) the value of the Lafarge share, obtained through transparency by multiplying the exchange ratio applied in the public exchange offer by the LafargeHolcim share price, and (iii) the value of the Lafarge share obtained through transparency by multiplying the exchange ratio applied in the public exchange offer by analysts' target prices for LafargeHolcim. The Banks used estimates derived from two valuation methods: (i) the DCF method, and (ii) the listed peers method.

In light of the above, the valuation approach adopted by the Bank appears to have been very similar to our own. In fact, the only notable difference is that we question the pertinence as a valuation reference of the Lafarge share price since the closing of the re-opened public exchange offer. This is because we considered the market for the share to have become fairly illiquid, even though, as the Banks remark, the volume of daily trades

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(down sharply since the Offer closed) over the past few months represents a similar percentage of free float (also significantly down) to that observed prior to the Offer.

While the references and methods considered by the Banks and in our work are fairly similar, there is a major difference in the way in which we implement the two valuation methods applied.

Given the significance of the synergies expected from the merger, we used an approach based on a separate valuation of the business on a stand-alone basis and of the additional value represented by the synergies. Our objective in implementing these two valuation methods is to obtain a range of estimates of the value of the business on a stand-alone basis, to which will then be added a single (separate and explicit) estimate of the portion of the synergy value attributable to Lafarge shareholders.

In contrast, the objective for the Banks is to directly obtain an estimate of the value of the business including the portion of the synergy value attributable to Lafarge shareholders. The approach adopted depends in this case on the valuation method concerned.

- In the DCF method, the annual cash flows forecast in the business plan on a stand-alone basis and the normative cash flows used to determine terminal value are revised upwards. Annual cash flows are revised based on estimated annual synergies and expected implementation costs, while normative cash flows are revised based on the estimated recurring amount of synergies expected over the business plan period, less a discount to reflect the fact that the recurring synergies will have disappeared after a period of ten years rather than persist over an indefinite period as the stand-alone normative cash flows.
- In the listed peers method, the EBITDA amount used for valuation corresponds to the one in the business plan on a stand-alone basis, increased by an amount equal to that taken into account in the DCF method to adjust normative cash flows.

Under these circumstances, the additional value implicitly added in respect of the synergies in the DCF method differs from that taken into account in the listed peers approach.

For these various reasons, we question the approach chosen by the Banks to incorporate the expected impacts of the merger in their valuation of Lafarge shares. Further, the approach chosen makes it difficult to compare, for each method, estimates of the Lafarge share price obtained by the Banks with our own estimates.

4.2. Implementing the valuation methods

Although we are unable to give a simple explanation of the differences observed between the estimates obtained by the Banks and our own estimates, it is possible to identify certain positive or negative biases relating to the different ways chosen to take the synergies into account and to implement the two valuation methods selected.

In terms of synergies, we explained above the reasons which led us to prefer published information about the business plan which was provided to us by Lafarge management in connection with our assignment. The Banks' decision to refer only to management's business plan, to apply a 25% discount to the amounts forecast in this plan, to use a 15-year forecast period before the impact of the synergies disappears (compared with a 23-year period in our work), and to use a single rate equal to Lafarge's cost of capital to discount the various synergy components (cost and revenue synergies) creates a significant negative bias, since the portion of synergies implicitly included by the Banks in the value of the Lafarge shares is well below the portion explicitly included in our work. This negative bias, which appears in both the DCF and listed peers methods, is probably

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the reason for much of the difference observed in the estimates obtained by the Banks and our own estimates.

In terms of implementing the valuation methods, the similarity of the amounts taken into account in the Banks' work and in our own work to obtain equity value from the value of the business (including the synergies) actually conceals significant variances which cancel each other out. The variances generated by the difference in the treatment of the book value of minority interests and equity-accounted investments is mostly offset by the treatment of potential tax savings arising on tax loss carryforwards. The book value of minority interests and equity-accounted investments is systematically revalued in our work based on different PBRs, while the Banks only revalue listed minority interests and equity-accounted investments based on market prices. The aforementioned tax savings are reflected in our work in the adjustments made to the enterprise value and are therefore incorporated in the estimates derived from the two valuation methods used (DCF and listed peers methods). Based on our discussions with the Banks and the Company, we understand that in their work, the Banks explicitly include these savings in the estimates derived from the DCF method by taking into account an appropriate tax rate to determine free cash flows, and implicitly include the savings in the estimates resulting from the listed peers method in a definition of the adjustments made to the enterprise value identical to that used in the DCF method.

5. Conclusion

This independent report was prepared in connection with the squeeze-out procedure initiated by LafargeHolcim for the Lafarge shares it does not already own following the public exchange offer which opened on 1 June 2015. The purpose of this report, which was prepared further to a request by the Lafarge Board of Directors in accordance with market regulations, is to deliver an opinion on the fairness for Lafarge minority shareholders of the EUR60.0 per-share price proposed by LafargeHolcim ("Compensation Price").

In the specific context of this squeeze-out procedure, we indicated above the two conditions to be met for the Compensation Price to be considered as fair:

- (i) The Compensation Price must take due account of the value of Lafarge's business at the date of the Transaction, before factoring in the impacts of the merger.
- (ii) The Compensation Price must factor in a fair percentage of the synergies expected from the merger. To ensure the fair treatment of all shareholders, this percentage should be equal to that attributable to the Lafarge shareholders having tendered their shares, subject to a discount to reflect the timing of the synergies and the risk that they may not materialise.

Among the Fair Price references and estimates, we favour (i) the estimates resulting from the DCF method, i.e., a Fair Price range of EUR56.8 to EUR66.7, and (ii) the reference based on the value of the Lafarge share inferred by transparency from the LafargeHolcim share price, i.e., a Fair Price range of EUR57.4 to 63.3. We also consider that despite a low level of liquidity, the latest listed price for the Lafarge share, i.e., EUR57.37 at the close of trading on 4 September 2015, represents a minimum for calculating the Compensation Price.

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On these bases, we consider that the Compensation Price of EUR60.0 proposed by LafargeHolcim in the context of the squeeze out procedure is fair for Lafarge minority shareholders.

Paris, 10 September 2015

Representing Accuracy,

Bruno Husson

Henri Philippe

6 Reasoned Opinion of Lafarge Board of Directors

The Board of Directors of Lafarge was held on 11 September 2015, under the chairmanship of Mr. Eric Olsen, Chairman of the Board, to examine the Squeeze-Out and issue a reasoned opinion on the interest and the consequences of the Squeeze-Out on the Company, its shareholders and its employees.

The following Directors were present: Mr. P. Charrier, Mr. J. Gallardo, Mr. I. Gallienne, Ms. M. Gerowin, Mr. J. Guiraud, Mr. L. Jeanneney, Mr. E. Olsen, Ms. H. Ploix, Mr. B. Prot, Mr. M. Rollier, Mr. E. Simandl and Ms. V. Weill. Messrs. O. Fanjul and G. Lamarche and Ms. C. Ramon sent apologies for their absence.

The reasoned opinion of the Board of Directors issued on 11 September 2015 is as follows:

*“ The Chairman explains that the Board of Directors was convened in order to examine the squeeze-out (the **Squeeze-Out**) that LafargeHolcim Ltd (**LafargeHolcim**) intends to file with the Autorité des marchés financiers (the **AMF**) in respect of the remaining outstanding Lafarge shares and to deliver a reasoned opinion (avis motivé) in this respect. The Squeeze-Out is proposed to be effected at a price of €60 per Lafarge share (the **Cash Indemnification**).*

*As an alternative to the Squeeze-Out, the Lafarge shareholders will be offered to exchange ten (10) Lafarge shares for 9.45 LafargeHolcim shares (the **Exchange Option**). This Exchange Option is in furtherance to the intent expressed by Holcim Ltd (now LafargeHolcim) in the document relating to the exchange offer (the **Offer**) and is a further extension of the benefit of the Offer, adjusted to take into account the scrip dividend distributed to the LafargeHolcim shareholders on 10 September 2015 and the corresponding increase in the number of LafargeHolcim shares in order to maintain the same economic terms.*

The Chairman reminds the members of the Board of Directors of the successful results of the Offer and that following the settlement and delivery of the re-opened offer, the AMF has announced that LafargeHolcim was holding 278,131,864 Lafarge shares, representing 96.41% of the share capital and at least 95.25% of the voting rights³⁶ of Lafarge.

³⁶ Based on the total number of Lafarge shares outstanding as of July 29 2015: 288,474,712 Lafarge shares representing no more than 291,990,114 voting rights. The number of voting rights was an estimate taking only partially into account the loss of double voting rights attached to the Lafarge shares tendered.

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The Chairman informs the Board of Directors that as at 31 August 2015, LafargeHolcim was holding 96.41% of the share capital and at least 95.79% of the voting rights³⁷ of Lafarge.

The Lafarge shares which have not been tendered to the Offer (or the re-opened offer) represent less than 5% of the share capital and voting rights of Lafarge and, as a consequence, LafargeHolcim issued a press release on 4 August 2015 whereby it announced its decision to launch a Squeeze-Out for the remaining Lafarge shares. LafargeHolcim intends to file the Squeeze-Out with the AMF on 14 September 2015.

The Chairman informs the Board of Directors that as a consequence of the Squeeze-Out, the Lafarge shares will be delisted from Euronext Paris.

He adds that the Squeeze-Out will facilitate the further integration of Lafarge within the LafargeHolcim group allowing to foster the implementation of contemplated synergies.

He further reminds the Board of Directors that Mr. Bruno Husson and Mr. Henri Philippe from Accuracy were appointed by the Board of Directors on 28 July 2015 as independent expert in accordance with the provisions of article 261-1 II of the AMF General Regulations, in order to deliver a report including a fairness opinion (attestation d'équité) on the financial conditions of the Squeeze-Out.

The Board of Directors has also taken the following into consideration:

- (a) the decision of the shareholders meeting of Holcim Ltd on 8 May 2015 authorizing an authorized share capital of a maximum of 132,118,700 new Holcim Ltd shares for the re-opened offer and the Squeeze-Out;
- (b) the draft joint squeeze-out document (projet de note d'information conjointe) prepared by LafargeHolcim and Lafarge, including the valuation analysis prepared by UBS and Société Générale acting as presenting banks in connection with the Squeeze-Out and the report from the independent expert.

Based on the report of the independent expert, the Board of Directors acknowledges that when considering the Cash Indemnification offered in the Squeeze-Out to the Lafarge shareholders:

- *the independent expert considered that in the specific context of the Squeeze-Out, the two conditions to be met for the proposed Cash Indemnification to be considered as fair are as follows:*
 - the Cash Indemnification must take due account of the value of Lafarge's business at the date of the Squeeze-Out, before factoring in the impacts of the merger (the **Enterprise Value on a stand-alone basis**);
 - the Cash Indemnification must factor in a fair percentage of the synergies expected from the merger (the **Synergy Value**). To ensure the fair treatment of all shareholders, this percentage should be equal to that attributable to the Lafarge shareholders having tendered their shares, subject to a discount to reflect the timing of the synergies and the risk that they may not materialise;
- *the independent expert also considered that the Cash Indemnification may be considered fair provided that it falls within the range of estimates of the fair price of*

³⁷ Based on the total number of Lafarge shares outstanding as of August 31 2015: 288,492,375 Lafarge shares representing 290,344,390 voting rights.

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*Lafarge shares (the **Fair Price**) resulting from the estimated fair value of Lafarge equity;*

- its valuation work was performed using a multi-criteria approach*
- the independent expert preferred valuation approaches that allowed to estimate the fair value of equity by separately valuing its three components, i.e.: Enterprise Value on a stand-alone basis, the Synergy Values, and the value of net debt. By default, the independent expert has also examined the valuation references available for the Lafarge share that factor in the expected impacts of the merger (i.e., a percentage of the overall synergies), and which therefore do not allow for a reliable, explicit measurement of the three components of the fair value of the group's equity;*
- the report shows that among the Fair Price references and estimates, the independent expert has favoured (i) the estimates resulting from the DCF method, i.e., a Fair Price range of €56.8 to €66.7, and (ii) the reference based on the value of the Lafarge share inferred by transparency from the LafargeHolcim share price, i.e., a Fair Price range of €57.4 to 63.3. The independent expert has also considered that despite a low level of liquidity, the latest listed price for the Lafarge share, i.e., €57.37 at the close of trading on 4 September 2015, represents a minimum for calculating the Cash Indemnification.*

On these bases, the independent expert considers that the Cash Indemnification of €60 proposed by LafargeHolcim in the context of the Squeeze-Out procedure is fair for Lafarge minority shareholders.

Finally, the Board of Directors has reviewed the consequences of the Squeeze-Out on the employees and former employees (and executive officers) of the Company and acknowledges the following:

- First, employees and former employees (and executive officers) will be granted the right to enter into a liquidity agreement with LafargeHolcim whereby they will have the right and the obligation, during a defined period of time and under certain conditions, (i) to exchange certain Lafarge shares they hold or will hold for LafargeHolcim shares based on the 0.945 exchange ratio (as amended from time to time to take into account certain transactions impacting the capital or the equity of Lafarge or LafargeHolcim) or (ii) to sell such shares to LafargeHolcim for a cash amount determined on the basis of the 0.945 exchange ratio (as amended from time to time to take into account certain transactions impacting the capital or the equity of Lafarge or LafargeHolcim), as detailed in the draft joint squeeze-out document. The choice between the exchange and the sale alternative will be at the sole discretion of LafargeHolcim.*
- Second, Lafarge performance shares definitively allotted to employees and former employees (and executive officers) will be:*
 - targeted by the Squeeze-Out, unless they are the subject of a liquidity agreement entered into with LafargeHolcim on or before 4 October 2015 (as far as Lafarge performance shares definitively allotted are concerned, only those that are still the subject of a holding period on the implementation date of the Squeeze-Out may be covered by the liquidity mechanism); and/or*
 - subject to applicable laws and restrictions, eligible to the Exchange Option provided that they are no longer subject to a holding period.*

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- *Third, Lafarge shares issued following the exercise of such Lafarge stock options granted to employees and former employees (and executive officers) will be:*
 - *targeted by the Squeeze-Out if the exercise of such Lafarge stock options occurs at the latest two (2) trading days immediately preceding the implementation date of the Squeeze-Out; and/or*
 - *subject to applicable laws and restrictions, eligible to the Exchange Option if the exercise occurs before the closing of the Exchange Option exercise period.*
- *Fourth, employees (and former employees) who are shareholders of the Company through the Lafarge LEA group savings plan will receive the Cash Indemnification and will not be eligible, for those Lafarge shares, to the Exchange Option.*

Based on the foregoing and after discussion, the Board of Directors unanimously approves the proposed Squeeze-Out under the terms and conditions set forth in the above-mentioned documents and determines that the Squeeze-Out is in the best interests of Lafarge, its shareholders and its employees.

The Board of Directors notes, based on the LafargeHolcim share price at the time of closing of trading on Euronext Paris on September 11, 2015, i.e., €52.33 per LafargeHolcim share, that the counter-value of the Exchange Option as at that date was €49.45 per Lafarge share, representing an 18% discount compared to the Cash Indemnification offered in the Squeeze-Out. Lafarge shareholders should assess the LafargeHolcim share price and the tax treatment applicable (as summarized in paragraph 2.8 of the draft joint squeeze-out document and after consulting their tax advisors) before tendering their Lafarge shares to the Exchange Option”

7 Information Relating to LafargeHolcim and Lafarge 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 LafargeHolcim and Lafarge will be the subject of two special documents 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 Exchange Option Exercise Period.

8 Persons Responsible for the Squeeze-Out Document

8.1 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 Squeeze-Out, declare that to their knowledge, the presentation of the Squeeze-Out which they have examined on the basis of the information provided by LafargeHolcim, and the criteria for valuation of the Lafarge Shares presented, are in accordance with the facts and nothing has been omitted which could affect the import thereof.”

Société Générale

UBS Securities

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8.2 Persons Responsible for the Information Pertaining to LafargeHolcim

“To our knowledge, the information relating to LafargeHolcim contained in this document is in accordance with the facts and nothing has been omitted which could affect the import thereof.”

Eric Olsen
Chief Executive Officer

Thomas Aebischer
Chief Financial Officer

8.3 Persons Responsible for the Information Pertaining to Lafarge

“To our knowledge, the information relating to Lafarge contained in this document is in accordance with the facts and nothing has been omitted which could affect the import thereof.”

Eric Olsen
Chairman and Chief Executive Officer

Sylvie Rochier
Chief Financial Officer