

BASE PROSPECTUS DATED 27 MAY 2014



**LAFARGE**

*(Incorporated as a société anonyme in France)*

**€12,000,000,000**

**Euro Medium Term Note Programme**

Lafarge (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed **between** the Issuer and the relevant Dealer (as defined below) under this €12,000,000,000 Euro Medium Term Note Programme (the **Programme**). Any Notes issued under the Programme on or after the date of this Base Prospectus shall be issued subject to the provisions described herein. This does not affect any Notes already in issue.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €12,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “General Description of the Programme” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Application has been made (i) to the *Commission de surveillance du secteur financier* (the **CSSF**) in Luxembourg in its capacity as competent authority under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 as amended for approval of this Base Prospectus and (ii) to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. Application may also be made to the competent authority of any other Member State of the European Economic Area (**EEA**) for Notes issued under the Programme to be listed and admitted to trading on any MiFID Regulated Market (as defined below) in such Member State. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (each such market being a **MiFID Regulated Market**). The Issuer may also issue Notes under the Programme that are not listed on a MiFID Regulated Market. The relevant Final Terms (as defined below) in respect of each issue of Notes will specify whether such Notes will be listed and, if so, the relevant MiFID Regulated Market or stock exchange(s) in the EEA. The CSSF gives no undertaking as to the economic soundness of a transaction and the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg law on prospectuses for securities.

The aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes (as defined under **Terms and Conditions of the Notes**) will be determined by the Issuer and the relevant Dealers at the time of the issue of the Notes and set out in the relevant final terms, substantially in the form of final terms set out in this Base Prospectus (the **Final Terms**) which, with respect to Notes issued under the Programme to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange on or before the date of listing of the Notes of such Tranche.

In the case of any Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Tranches of Notes (as defined under **General Description of the Programme**) to be issued under the Programme may be rated or unrated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Potential purchasers of Notes should inform themselves of the rating(s) if any applicable to a Tranche of Notes before making any decision to purchase such Notes. The rating of each Tranche of Notes, if any, will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the **CRA Regulation**) will be disclosed in the Final Terms.

*Arranger*

**BNP PARIBAS**

*Dealers*

**BNP PARIBAS**

**Citigroup**

**HSBC**

**The Royal Bank of Scotland**

**Crédit Agricole CIB**

**ING**

**Natixis**

**Société Générale Corporate & Investment Banking**

This base prospectus (the **Base Prospectus**), containing all relevant information concerning the Issuer and the Issuer and its subsidiaries and affiliates taken as a whole (the **Group**), (together with any supplements to this Base Prospectus published from time to time (each, a **Supplement** and together the **Supplements**)) comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**) as amended (which includes the amendments made by directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a Member State of the European Economic Area) in respect of, and for the purpose of giving information with regard to, the Issuer and the Group which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, as well as the base terms and conditions of the Notes to be issued under the Programme.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference in accordance with Article 28 of Commission Regulation (EC) no. 809/2004 (the **Prospectus Regulation**) (as amended by Commission Delegated Regulation (EU) n°486/2012 of 30 March 2012 and Commission Delegated Regulation (EU) n°862/2012 of 4 June 2012) (See “Documents Incorporated by Reference” below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published audited annual financial statements and, if published later, the most recently published interim financial statements (if any) of the Issuer when deciding whether or not to purchase any Notes.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of the Notes in the EEA and certain member states thereof (**EEA Member States**), Japan, the United Kingdom, the United States, the People’s Republic of China (**PRC** (which for the purposes of this Prospectus excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)) and Hong Kong (see **Subscription and Sale** below). Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. This Base Prospectus does not constitute,

and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such offer or a solicitation by anyone not authorised so to act.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**)) OR IN THE CASE OF MATERIALISED NOTES IN BEARER FORM, THE U.S. INTERNAL REVENUE CODE OF 1986 AS AMENDED (THE **U.S. INTERNAL REVENUE CODE**).

*In connection with the issue of any Tranche (as defined in **General Description of the Programme**) of Notes, the Dealer or Dealers (if any) named as stabilising manager(s) in the applicable Final Terms (the **Stabilising Manager(s)**) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but such action must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action shall be carried out in accordance with applicable laws and regulations.*

*All references in this document to “U.S. dollars”, “U.S.\$” and “\$” are to the currency of the United States of America, references to “Sterling” and “£” are to the currency of the United Kingdom and references to “euro” and “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended and “RMB”, “Renminbi” are to the Chinese Yuan Renminbi, the lawful currency of the PRC.*

*References in this Base Prospectus to the “Regulated Market” of the Luxembourg Stock Exchange are to the MiFID Regulated Market of the Luxembourg Stock Exchange.*

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## SUMMARY

*Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A – E (A.1 – E.7).*

*This summary (the **Summary**) contains all the Elements required to be included in a summary for this type of Notes and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the Summary because of the type of Notes and Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the Summary with the mention of “not applicable”.*

Section A – Introduction and warnings		
Element s	Warnings:	Warning that:
A.1		<ul style="list-style-type: none"> <li>• this Summary should be read as an introduction to the Base Prospectus;</li> <li>• any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole by the investor;</li> <li>• where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus, before the legal proceedings are initiated; and</li> <li>• civil liability attaches only to the Issuers who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such Notes.</li> </ul>

A.2	Consent to the use of the Base Prospectus	<p>[Not Applicable. The Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</p> <p>[The Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of the Notes by [any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC)]/[by each of the financial intermediaries to be acting in the capacity as Managers [and each of [•], [•], [•] and [•] (each a "Placer" and together the "Placers")]] on the following basis:</p> <p>(a) the relevant Non-Exempt Offer must occur during the period from and including [•] to but excluding [•] (the <i>Offer Period</i>);</p> <p>(b) the relevant Authorised Offeror must satisfy the following conditions : [•]]</p> <p>.A <b>Non-exempt Offer</b> is any offer of Notes in [Austria]/[Belgium]/[France]/[Germany]/[Ireland]/[the Grand Duchy of Luxembourg]/[the Netherlands]/[the United Kingdom] not made within an exemption from the requirement to publish a prospectus under the Prospectus Directive.</p> <p><b>An Investor intending to acquire or acquiring any Notes from a financial intermediary to whom the Issuer has given its consent (an <i>Authorised Offeror</i>) will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements (the <i>Terms and Conditions of the Non-exempt Offer</i>). The Issuer will not be a party to any such arrangements with Investors (other than Dealers) in connection with the offer or sale of the Notes and, accordingly, the Base Prospectus and the Final Terms will not contain such information. The Terms and Conditions of the Non-exempt Offer shall be published by that Authorised Offeror on its website at the relevant time. None of the Issuer nor any of the Dealers or other Authorised Offerors has, or takes, any responsibility or liability for such information.</b></p>
<b>Section B – Issuer</b>		
B.1	Legal and commercial name	Lafarge S.A.
B.2	Domicile / Legal form / Legislation / Country of incorporation	Lafarge S.A. is incorporated as a <i>société anonyme</i> (public limited liability company) under the laws of France. The registered office of Lafarge S.A. is 61, rue des Belles Feuilles, 75116 Paris, France.
B.4b	Known trends affecting the Issuer and the industries in which it	Over the past twenty years, worldwide cement consumption has significantly increased with an average rate of growth above 5% per year. Despite the economic and financial crisis, global cement demand grew by approximately 6 %. In 2013, supported by the dynamism of many emerging markets, particularly China and Sub-Saharan Africa, Mid and longterm prospects for cement

	<b>operates</b>	demand remain favorable, especially in these markets, where demography, urbanization and economic growth drive the needs for housing and infrastructure. Overall, Lafarge sees cement growth in its markets of between 2 to 5 percent in 2014 versus 2013. Markets shall increasingly benefit from the recovery in the United States and the continuing growth in emerging markets as Europe overall stabilizes. Cost inflation should continue at a similar pace as in 2013, which should result in higher prices overall.																																										
<b>B.5</b>	<b>Description of the Group and the Issuer's position within the Group</b>	Lafarge S.A. is the ultimate parent company of the Group.																																										
<b>B.9</b>	<b>Profit forecast or estimate</b>	Not applicable. The Issuer does not provide profit forecast or estimate.																																										
<b>B.10</b>	<b>Nature of any qualifications in the audit reports on historical financial information</b>	Not applicable. The audit opinions with respect to the financial statements of Lafarge S.A. for the financial years ended December 31, 2013 and 2012 do not include any qualifications.																																										
<b>B.12</b>	<b>Selected historical key financial information</b>  The following table sets out selected historical financial information about Lafarge S.A. derived from the audited consolidated annual accounts for the fiscal years ended December 31, 2012 and 2013 prepared on the basis of IFRS adopted by the European Union on December 31, 2013.																																											
		<table> <tr> <th></th><th>Year ended December 31, 2013</th><th>Year ended December 31, 2012*</th></tr> <tr> <td></td><td colspan="2">in € million, unless otherwise indicated audited</td></tr> <tr> <td>Revenue</td><td>15,198</td><td>15,816</td></tr> <tr> <td>Ebitda</td><td>3,102</td><td>3,423</td></tr> <tr> <td>Operating income before capital gains, impairment, restructuring and other</td><td>2,075</td><td>2,413</td></tr> <tr> <td>Operating income</td><td>2,020</td><td>1,920</td></tr> <tr> <td>Net income</td><td>782</td><td>554</td></tr> <tr> <td><i>Out of which:</i></td><td></td><td></td></tr> <tr> <td>Net income from continuing operations</td><td>736</td><td>538</td></tr> <tr> <td>Net income from discontinued operations</td><td>46</td><td>16</td></tr> <tr> <td><i>Out of which part attributable to:</i></td><td></td><td></td></tr> <tr> <td>Owners of the parent of the Group</td><td>601</td><td>365</td></tr> <tr> <td>Non-controlling interests (minority interest)</td><td>181</td><td>189</td></tr> <tr> <td><b>Earnings per share – attributable to the owners of the parent</b></td><td></td><td></td></tr> </table>		Year ended December 31, 2013	Year ended December 31, 2012*		in € million, unless otherwise indicated audited		Revenue	15,198	15,816	Ebitda	3,102	3,423	Operating income before capital gains, impairment, restructuring and other	2,075	2,413	Operating income	2,020	1,920	Net income	782	554	<i>Out of which:</i>			Net income from continuing operations	736	538	Net income from discontinued operations	46	16	<i>Out of which part attributable to:</i>			Owners of the parent of the Group	601	365	Non-controlling interests (minority interest)	181	189	<b>Earnings per share – attributable to the owners of the parent</b>		
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	<b>company</b>		
	Basic earnings per share (euros)	2.09	1.27
	Diluted earnings per share (euros)	2.08	1.27
	<b>Earning per share of continuing operations</b>		
	Basic earnings of continuing operations per shares (euros)	1.93	1.21
	Diluted earnings of continuing operations per share (euros)	1.92	1.21
	Basic average number of shares outstanding (thousands)	287,268	287,079
* 2012 figures have been restated following the application of IAS 19 amended			
	<b>Material adverse change in the prospects of the Issuer</b>	There has been no material adverse change in the prospects of Lafarge S.A. since December 31, 2013.	
	<b>Significant change in the Financial and trading position</b>	<p>There has been no significant change in the financial or trading position of the Issuer and the Group since December 31, 2013 which is material in the context of the Programme or the issue and offering of the Notes thereunder, except for the following events:</p> <ul style="list-style-type: none"> <li>• sale of a minority stake in European and South American Gypsum operations for a cash consideration of 145 million euros;</li> <li>• sale of aggregates quarries in Maryland for a total enterprise value of 320 million US dollars.</li> </ul>	
<b>B.13</b>	<b>Recent events</b>	<p>Lafarge has announced on April 7th, 2014, a merger project with the Swiss group Holcim.</p> <p>In practical terms, this merger of equals would take the form of an exchange offer of shares - with 1 to 1 exchange parity - between Lafarge and Holcim. In other words, each shareholder tendering Lafarge shares would receive an equal number of newly issued shares of Holcim.</p> <p>The proposed combination is conditional upon, among other things, execution of definitive documentation, approval of the shareholders of Holcim and obtaining required regulatory and other customary authorizations. Completion is expected by the end of H1 2015 subject to obtaining regulatory approvals.</p>	
<b>B.14</b>	<b>Statement of dependency upon other entities within the group</b>	Lafarge SA. is a holding company and as a result its financial and trading position depends on the financial and trading position of its subsidiaries.	
<b>B.15</b>	<b>Principal activities</b>	<p>Lafarge primarily produces and sells cement, aggregates and ready-mix concrete worldwide, mostly under the “Lafarge” brand name. Its building products and solutions are used to construct and renovate homes, buildings and infrastructures.</p> <p>Cement production historically represents the Lafarge core business. Cement is the principal hydraulic binder. It is the principal strength-giving and property-controlling component of concrete. It is a high quality, cost-effective building material that</p>	

		<p>is a key component of construction projects throughout the world. At year-end 2013, Lafarge operated 113 cement plants and 42 grinding plants in 56 countries.</p> <p>Aggregates are used as raw materials for concrete, masonry, asphalt, and other industrial processes, and as base materials for roads, landfills, and building. At year-end 2013, Lafarge had 475 production facilities for aggregates (each including one or more quarries) in 23 countries.</p> <p>Ready-mix concrete is one of the largest markets for the cement and aggregate industries. It is produced by mixing aggregates, cement, chemical admixtures and water. At year-end 2013, Lafarge had 1,006 concrete plants in 34 countries</p>
<b>B.16</b>	<b>Extent to which the issuer is directly or indirectly owned or controlled</b>	Not applicable. The Issuer is not directly or indirectly controlled.
<b>B.17</b>	<b>Credit ratings of the Issuer or its debt securities</b>	<p>The long term debt of the Issuer is rated Ba1, on review for upgrade by Moody's Investors Services and BB+ with a positive outlook by Standard and Poors Credit Market Services France.</p> <p>The Programme has been rated Ba1, on review for upgrade by Moody's Investors Services and BB+ by Standard and Poors Credit Market Services France.</p> <p>[Not applicable. The Notes to be issued will not be rated.]/[The Notes to be issued [have been rated/are expected to be rated] [●]]</p>
<b>Section C - The Notes</b>		
<b>C.1</b>	<b>Type and Class of Notes:</b>	<p>The Notes are [Fixed Rate]/[Floating Rate]/ Zero Coupon]</p> <p>The ISIN is [●].</p> <p>The Common Code is [●].</p>
<b>C.2</b>	<b>Currencies:</b>	The currency of the Notes is [●].
<b>C.5</b>	<b>Restriction on Transferability:</b>	<p>[Not applicable.]</p> <p>There are no restrictions on free transferability of the Notes save that the Issuer and the Dealers have agreed certain customary restrictions on the offer, sale and delivery of Notes and on the distribution of offering material in the United States of America, the United Kingdom, [list other selling restriction jurisdictions]</p>
<b>C.8</b>	<b>The Rights attaching to the Notes, Ranking and Limitations:</b>	<p><b>Status of the Notes:</b> The Notes shall be issued on [a subordinated] / [an unsubordinated basis].</p> <p><b>Cross Default:</b> The Notes contain a cross default provision in respect of indebtedness of the Issuer and its Principal Subsidiaries.</p> <p><b>Withholding tax:</b> All payments in respect of the Notes and any related Receipts and Coupons will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges imposed, or levied by, or on behalf of, France, or any authority therein or thereof, having the power to tax, unless the withholding or deduction of such taxes is required by law.</p> <p>In the event of any such withholding or deduction, the Issuer will (subject to certain exceptions or limitations) be required to pay</p>

		<p>additional amounts to cover the amounts so deducted.</p> <p><b>Governing Law:</b> The Notes and all non-contractual obligations arising from or connected with them are governed by English law, with the exception of Condition 2(b) (<i>Status of the Notes</i>) of the Subordinated Notes, which is governed by French law.</p> <p><b>Enforcement of Notes in Global Form:</b> In the case of Global Notes, individual investors' rights against the Issuer are governed by the Deed of Covenant dated 27 May 2014, a copy of which is available for inspection at the specified office of each of the Paying Agents.</p> <p><b>Ranking:</b> [The Notes will be direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari passu among themselves and (save for certain obligations required to be preferred by French law) equally and rateably with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.] / [Payments in respect of the Notes will be subordinated.]</p> <p><b>Negative Pledge:</b> [The Notes have the benefit of a negative pledge provision in respect of Relevant Debt which is in the form of any bonds (<i>obligations</i>), notes or other securities (<i>including titres de creances négociables</i>) which are, or which are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.] / [The Negative Pledge shall not apply to Subordinated Notes.]</p> <p><b>Voting:</b> Meetings of Noteholders may be convened in order to consider any matter affecting their interests. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding.</p>
C.9	<b>Interest, Redemption and Representation:</b>	<p>See item C.8 for the Rights attached to the Notes, Ranking and Limitations.</p> <p><b>[Fixed Rate Notes:</b> [●] per cent. per annum payable on [●] each year commencing on [●] and ending on [●].</p> <p><b>[Floating Rate Notes:</b> The Notes will bear interest at a rate determined [on the same basis as the floating rate under a notional interest rate swap transaction in governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the Series)] / [on the basis of a reference rate appearing on [screen page] of [quotation service]] / [●]. [The Notes have [maximum interest rate / a minimum interest rate.]]</p> <p><b>[Zero Coupon Notes:</b> The Notes do not bear any interest.]</p> <p><b>Maturity Date:</b> [●]</p> <p><b>Redemption:</b> Unless previously redeemed or purchased and cancelled, the Notes will be redeemed on the Maturity Date at par or at such other Final Redemption Amount as may be specified in the relevant Final Terms.</p> <p><b>Optional Redemption</b></p> <p>Call Option: [Applicable. Optional Redemption Amount: [●] per cent. of the nominal amount of the Notes] / [Not Applicable]</p> <p>Put Option: [Applicable. Optional Redemption Amount: [●] per</p>

		<p>cent. of the nominal amount of the Notes] / [Not Applicable]]</p> <p>Change of Control Put Option: [[Applicable. On the occurrence of a Change of Control and subject to certain conditions, each holder of a Note will have a right to require the Issuer to redeem, purchase or procure the purchase of (as determined in the Issuer's discretion) such Note at the principal amount outstanding of such Note together with accrued interest to but excluding the Optional Redemption Date as further described in Condition 16.] / [Not Applicable]]</p> <p><b>Yield:</b> [●]</p> <p><b>Representative of the Noteholders:</b> Not Applicable. There is no representative of Noteholders.</p>
<b>C.10</b>	<b>Derivative component in interest payment:</b>	<p>See C.9 for the Interest, maturity and redemption provisions, yield and representative of Noteholders.</p> <p>Not Applicable. The Notes issued under the Programme do not contain any derivative component.</p>
<b>C.11</b>	<b>Admission to Trading on the regulated market:</b>	<p>[Application has been made to the [Luxembourg Stock Exchange for the Notes to be admitted to the official list and traded on the regulated market of the Luxembourg Stock Exchange] / [●]]/[Not Applicable. The Notes are unlisted.]</p>
<b>C.21</b>	<b>Indication of Market:</b>	<p>[[Application has been made to the [Luxembourg Stock Exchange for the Notes to be admitted to the official list and traded on the regulated market of the Luxembourg Stock Exchange./ [Application has been made to [●]]</p>
<b>Section D – Risks</b>		
<b>D.2</b>	<b>Key Risks Specific to the Issuer:</b>	<p>There are certain factors that may affect the Issuer's ability to fulfill its obligations under the Notes issued under the Programme.</p> <p>Risks factors relating to the Issuer, its operations, industry and its structure may be classified as follows:</p> <p><b>Risks related to the Issuer's worldwide presence:</b></p> <ul style="list-style-type: none"> <li>➤ <i>Operations and cyclical</i>ity: demand for the Issuer's products in the different markets in which the Issuer operates depends on the level of activity in the construction sector. The cyclicality of the construction sector, together with its dependence on economic activity, could have a negative impact on the Issuer's financial results and the profitability of its operations.</li> <li>➤ <i>Emerging markets</i>: a majority of the Issuer's revenues are derived from emerging markets. Increased presence in such markets may expose the Issuer to risks such as currency fluctuation, political, financial and social uncertainties and turmoil, terrorism, civil war and unrest, high inflation rates, exchange control systems, less certainty concerning legal rights and their enforcement and the possible nationalization or expropriation of privately-held assets.</li> <li>➤ <i>Climate and natural disasters</i>: the worldwide presence of the Issuer increases its exposure to meteorological and geological risks such as natural disasters, which could damage the Issuer's properties or interrupt business.</li> <li>➤ <i>Seasonality and weather</i>: demand for the Issuer's</li> </ul>

		<p>products, decreases during periods of very cold weather, snow, or sustained rainfall.</p> <p><b>Risks related to the global economic conditions</b></p> <p>The construction business has been and may continue to be negatively impacted by the global economic turmoil which started in 2008.</p> <p><b>Energy costs and availability</b></p> <p>The Issuer's operations consume a significant amount of energy the cost of which may fluctuate significantly, which may have an adverse effect of the profitability of the operations of the Issuer.</p> <p><b>Risk related to sourcing and access to raw materials</b></p> <p>Access to raw materials is necessary for the Issuer's operations but the Issuer may fail to obtain or maintain mining rights which could have a negative impact on the Issuer's results or development. Besides, the sourcing costs of the Issuer may significantly increase if suppliers cease or reduce production of such raw materials.</p> <p><b>Competition - Competition Law Investigations</b></p> <p>As the competition is strong in the markets in which the Issuer operates, the Issuer may lose market shares or increase expenditures which could have a material adverse effect on the Issuer's business and financial condition. In addition, the Issuer is and may be in the future subject to competition law investigations, the outcome of which may have a negative impact on the Issuer.</p> <p><b>Industrial risks relating to safety and the environment</b></p> <p>The Issuer must comply, in the context of its production, with environmental and safety laws and regulations which could cause an increase of costs in this respect due to changes in the relevant laws and regulations.</p> <p><b>Legal risk – Litigation</b></p> <p>The Issuer is and may be in the future involved in various claims in respect of applicable national and local laws.</p> <p><b>Risks related to the Issuer's structure</b></p> <p>Due to the fact that the Issuer is a holding company, it may be impacted by local laws and regulations applicable to its subsidiaries and limiting the payment of dividends from the subsidiaries. Such payments may be limited due to tax constraints and contractual arrangements. Besides, the Issuer is also facing acquisition-related accounting issues due to significant acquisitions. In addition, the Issuer may have to deal with minority shareholders in its subsidiaries which may have some disadvantages and result in some organizational difficulties.</p> <p><b>Financial risks</b></p> <p>The Issuer's agreements and those of its subsidiaries also include cross-acceleration clauses. If the Issuer, or under certain conditions, the Issuer's material subsidiaries, fails to comply with the Issuer's or their covenants, then the Issuer's lenders could declare default and accelerate repayment of a significant part of the Issuer's debt. In addition, the Issuer's ability to obtain new financings could be negatively impacted by the level of the Issuer's credit ratings. The Issuer's financial situation may also be impacted by</p>
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		<p>its obligations in respect of benefit pension plans of certain of its subsidiaries.</p> <p><b>Market risks</b></p> <p>The Issuer may be subject to currency exchange risk due to (i) transactions in foreign currencies and (ii) the fluctuation of the euro may affect the value in euros of certain assets and liabilities of the Issuer.</p> <p>In addition, the Issuer is facing an interest rate risk in respect of both fixed-rate and floating-rate assets and liabilities, although the Issuer seeks to manage such risks through the use of swap agreements. The Issuer may also be subject to commodity price fluctuations in respect of energy. The Issuer may incur a credit risk related to the its counterparties (mainly banks and financial institutions).</p> <p><b>Risk related to the intended combination between the Issuer and Holcim</b></p> <p>Following the intended combination between Lafarge and Holcim, the objectives of the merger may not be performed as expected. Failure to satisfy the key requirements may result in the merger not being completed.</p>
<b>D.3</b>	<b>Key Risks Specific to the Notes:</b>	<p>There are certain factors which are material for the purpose of assessing the risks associated with Notes issued under the Programme, including the following (each of which is described in more details under “Risk Factors”).</p> <p>Risks relating to the Notes:</p> <ul style="list-style-type: none"> <li>• prospective Investors must base any investment decision on independent review and advice;</li> <li>• the conditions of the Notes permit modifications, waivers and substitutions binding on all Noteholders to be effected by defined majorities of Noteholders;</li> <li>• conflicts may arise between the interests of the Issuer, the Dealer(s) or the Calculation Agent and the interests of Noteholders;</li> <li>• the trading market for debt securities may be volatile and may be adversely impacted by many events;</li> <li>• an active trading market for the Notes may not develop;</li> <li>• the Notes may be redeemed prior to maturity;</li> <li>• [any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield anticipated by Noteholders to be considerably less than anticipated];</li> <li>• Actual yield may be reduced from the stated yield by transaction costs;</li> <li>• Effective yield may be diminished by the tax impact on an investor of its investment in the Notes;</li> <li>• [the value of Fixed Rate Notes may change;]</li> <li>• [investors will not be able to calculate in advance their rate of return on Floating Rate Notes];</li> <li>• [zero coupon notes are subject to higher price</li> </ul>

		<p>fluctuations than non-discounted notes];</p> <ul style="list-style-type: none"> <li>foreign currency notes expose investors to foreign-exchange risk as well as to issuer risk;</li> <li>[holders of Subordinated Notes face a significantly increased risk that the Notes will not perform as anticipated];</li> <li>[exercise of Change of Control Put Option in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised];</li> <li>Notes with integral multiples;</li> <li>Credit ratings may not reflect all risks.</li> </ul> <p>Risks related to RMB Notes:</p> <ul style="list-style-type: none"> <li>RMB is not freely convertible and the liquidity of the Notes denominated in RMB may be adversely affected;</li> <li>RMB currency risk;</li> <li>Issuer may make such payments in another currency;</li> <li>RMB exchange rate risk;</li> <li>RMB interest rate risk.</li> </ul>
<b>Section E – Offer</b>		
<b>E.2b</b>	Reasons for the Offer and Use of Proceeds:	The net proceeds of the Notes will be used for the general corporate purposes of the Issuer including the refinancing of its existing indebtedness.
<b>E.3</b>	<b>Terms and Conditions of the Offer:</b>	<p>[[The Notes are offered to the public in the Grand Duchy of Luxembourg.]/[The Notes are not offered to the public in the Grand Duchy of Luxembourg.]/[No offer to the public is being made or contemplated.]]</p> <p>The conditions to which the offer is subject are [●].</p> <p>The total amount of the [issue] [offer] is [●]. <i>[If the offer is not fixed, describe the arrangements and time for announcing to the public the definitive amount of the offer.]</i></p> <p>The Offer Period is [●]. <i>[Describe the application process]</i></p> <p><i>[Describe the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.]</i> [●]</p> <p><i>[Detail the minimum and/or maximum amount of application, (whether the number of securities or the aggregate amount to be invested).]</i> [●]</p> <p><i>[Describe the method and time limits for paying up the securities and for delivery of the securities.]</i> [●]</p> <p><i>[Describe fully the manner and date on which results of the offer are to be made public.]</i> [●]</p> <p><i>[Describe the procedure for the exercise of any right of</i></p>

		<p>pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.] [●]</p> <p><b>Plan of distribution and allotment</b></p> <p>[Describe the various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.] [●]</p> <p>[Describe the process for notification to applicants of the amount allotted and indicate whether dealing may begin before notification is made.] [●]</p> <p><b>Pricing</b></p> <p>[Give an indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure. Indicate an amount of any expenses and taxes specifically charged to the subscriber or purchaser.] [●]</p> <p><b>Placing and Underwriting</b></p> <p>[Provide the name and address of the co-ordinator of the global offer and of single parts of the offer and, to the extent known to the Issuer, of the placers in the various countries where the offer takes place.] [●]</p> <p>[Provide the name and address of any paying agents and depository agents in each country.] [●]</p> <p>[Provide the name and address of the entities agreeing to underwrite the issue on a firm commitment basis and the address of the entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements.] [●]</p> <p>[Indicate the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered.] [●]</p> <p>[Indicate the overall amount of the underwriting commission and of the placing commissions.] [●]</p> <p>[Indicate when the underwriting agreement has been or will be reached.] [●]</p>
E.4	Interests Material to the Issue:	<p>[A description of any interest that is material to the issue/offer including conflicting interests.]</p> <p>The Issuer has appointed BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, ING Bank NV Belgian Branch, HSBC Bank plc, Natixis, Société Générale and The Royal Bank of Scotland plc (the <b>Dealers</b>) as Dealers for the Programme. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Programme Agreement made between the Issuer and the Dealers.</p> <p>[Syndicated Issue: The Issuer has appointed [●], [●] and [●] (the <b>Managers</b>) as Managers of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Managers are set out in the Syndication Agreement made between the Issuer and the Managers]</p> <p>[Non-Syndicated Issue: The Issuer has appointed [●] (the <b>Dealer</b>) as Dealer in respect of the issue of the Notes. The arrangements</p>



		<p><i>under which the Notes are sold by the Issuer to, and purchased by, Dealer are set out in the Programme Agreement made between, amongst others, the Issuer and the Dealer]</i></p> <p><i>[Stabilising Manager(s): [●] [and [●].]</i></p>
<b>E.7</b>	<b>Estimated Expenses Charged to the Investor by the Issuer:</b>	[●]

## **RISK FACTORS**

*Prospective purchasers of the Notes issued under the Programme should consider carefully, in light of their financial circumstances and investment objectives, all of the information in this Base Prospectus and, in particular, the risk factors set forth below in making an investment decision. There may be other risks which are not-known to the Group or which may not be material now but could turn out to be material.*

*Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this section.*

### **PRESENTATION OF THE PRINCIPAL RISKS**

The Issuer operates in a constantly evolving environment, which exposes the Group to risk factors and uncertainties in addition to the risk factors related to its operations. The materialization of the risks described below could have a material adverse effect on its operations, financial condition, results and prospects or share price on the stock exchange. There may be other risks that have not been identified yet or whose occurrence is not considered likely to have such material adverse effect as of the date of this Base Prospectus. The information given below is based on certain assumptions and hypotheses, which could, by their nature, prove to be inaccurate.

### **RISKS RELATED TO THE ISSUER’S BUSINESS**

#### **Risks Related to the Issuer’s worldwide presence**

##### ***Operations and cyclicalities***

The Issuer’s products are used mainly in the construction sector (buildings and civil works). Demand for the Issuer’s products in the different markets in which the Issuer operates depends on the level of activity in the construction sector. The construction sector tends to be cyclical and depends on various factors such as the level of infrastructure spending, the level of residential and commercial construction activity, interest rates, and, more generally, the level of economic activity in a given market. The cyclicalities of the construction sector together with its dependence on economic activity could have a negative impact on the Issuer’s financial results and the profitability of its operations. The Issuer manages this risk by operating in geographically diverse markets, with a portfolio of operations both in developed markets and in emerging countries, thereby minimizing the Issuer’s exposure to risk in a given country, although it might be significantly affected by global downturns or in individual significant markets.

##### ***Emerging markets***

Approximately 58% of the Issuer’s 2013 revenues are derived from emerging markets, defined as countries outside Western Europe and North America. Most of the Group new production capacity projects are located in emerging markets.

Increased presence in emerging markets exposes the Issuer to risks such as gross domestic product (GDP) volatility, significant currency fluctuations, political, financial and social uncertainties and turmoil, terrorism, civil war and unrest, high inflation rates, exchange control systems, less certainty concerning legal rights and their enforcement and the possible nationalization or expropriation of privately-held assets, any of which could damage or disrupt the Issuer’s operations in a given market.

For example, in 2013 in Syria the activity continued to be impacted by the current environment. While the Issuer has spread its emerging markets operations across a large number of countries, the Issuer’s diversification efforts will not enable it to avoid risks that affect multiple emerging markets at the same time. No individual emerging country represents over 5% of the Issuer’s sales.

If such risks were to materialize in the future in a significant and lasting manner, this could have a negative impact on the recoverable value of a significant portion of the Group’s assets.

##### ***Climate and natural disasters***

Being present in a large number of countries increases the Issuer’s exposure to meteorological and geological risks such as natural disasters, climate hazards, or earthquakes which could damage the Issuer’s property or result in business interruptions, or increase the risk of litigation and which could have a material adverse effect on the Issuer’s operations.

The natural events modeling process put in place within the Group in the last years, was updated in 2013 to take into account the latest improvements of the insurance market tools. It covers earthquake and windstorm

risks. At the same time, the program launched in 2011 to assess site by site the same natural disasters risks was continued. This programme aims at classifying sites according to their risk exposure and identifying potential losses depending on their financial impact by event, country or financial year as well as the probability of occurrence. The current outcome of the modeling process and of the assessment program is that 21% of the insured assets are classified in “significantly or highly exposed” classes for earthquake and winstorm risks. In the future, other assets may prove to be exposed to meteorological and geological risks.

### ***Seasonality and weather***

Construction activity, and thus demand for the Issuer’s products, decreases during periods of very cold weather, snow, or sustained rainfall. Consequently, demand for the Issuer’s products is lower during the winter in temperate countries and during the rainy season in tropical countries. Sales in Europe, North America and other markets generally increase during the second and third quarters due to better weather conditions. However, high levels of rainfall or low temperatures can adversely affect the Issuer’s operations during these periods as well. Such adverse weather conditions can materially affect the Issuer’s operational results and profitability if they occur with unusual intensity, during abnormal periods, or last longer than usual in the Issuer’s major markets, especially during peak construction periods.

### **Risks related to the global economic conditions**

The Issuer’s results depend mainly on residential, commercial, and infrastructure construction activity, and spending levels. The global economic and financial crisis that began during the the second half of 2008 and the ongoing Eurozone sovereign debt crisis significantly impact the construction business in developed markets. To varying degrees depending on the market, this has had, and may continue to have, a negative impact on product demand as well as the Issuer’s business and operational results.

For example, the Issuer’s operations in Greece and Spain have suffered from tougher economic conditions since 2009, resulting in particular from governmental austerity measures in the context of the sovereign debt crisis in the Eurozone. Together, both countries together represent together approximately 2% of the Issuer’s sales in 2013.

The Issuer has prepared an internal analysis of potential worldwide demand for the Issuer’s products for purposes of internal planning and resource allocation. Lafarge estimates that cement demand in the Issuer’s markets will grow between 2% to 5% in 2014 versus 2013 with an overall stabilization of Europe at low levels, a progressive recovery in North America and continuous growth in most emerging markets. Cost inflation should continue at a similar pace as in 2013, which should result in higher prices overall. The Issuer pursues its strategy to extract the full value of its existing assets, notably through programs to reduce costs and increase the industrial performance, while continuing to reduce its debt level. While the Issuer believes that these actions, combined with a well-balanced geographic spread of high quality assets, should enable the Issuer to accelerate the Issuer’s organic growth, in particular through the development of innovative systems and solutions for the Issuer’s clients, tougher financial conditions could continue to negatively affect the Group’s business operations and financial results.

Were the foregoing risk to materialize in the future in a significant and lasting manner, they could have a negative impact on the recoverable value of some of the Issuer’s assets.

### **Energy costs and availability**

The Issuer’s operations consume significant amounts of energy (electricity, coal, petcoke, natural gas and fuel) the cost of which can fluctuate significantly, largely as a result of market conditions and other factors beyond the Issuer’s control. Namely, energy prices are regulated in some countries where the Issuer operates. In addition, the availability of certain types of energy may change within some countries.

Energy cost inflation has been a key factor of margin erosion over the past few years, in particular in emerging markets, which have structural fixed cost inflation reflecting rapid increases in wages, production and logistic costs. The markets in which the Issuer operates are competitive and in such environments the evolution of the Issuer’s selling prices depends largely on supply and demand fluctuations. In this context, the Issuer pays a particular attention to the impact of energy price variations on the selling price of the Issuer’s products, although situations can vary greatly from one country to another or even within the same country, as the Issuer’s markets are local and heavy products cannot easily be transported. It is therefore difficult to provide meaningful data on the impact of energy price variations on selling prices.

Energy markets may be regulated in some of the countries in which the Issuer operates and the evolution of prices could have an adverse impact on the profitability of the operations of the Issuer’s subsidiaries.

While the Issuer takes a number of steps to manage energy costs risk, it cannot be sure that they will be fully effective. For example:

- the Issuer occasionally enters into medium-term supply contracts. In addition, the centralized purchasing organization at Group level also gives more leverage with suppliers, enabling the Issuer to obtain the most competitive terms and conditions. Nonetheless, if supply contracts contain indexation clauses, they will not always protect the Issuer from fluctuations in energy prices. Similarly, fixed price contracts signed when prices are high, prevent the purchaser from benefiting from possible subsequent price decreases;
- the Issuer also uses derivative instruments, mainly swaps and options on organized markets or on the over-the-counter (OTC) market, to manage the Issuer's exposure to risk related to energy cost fluctuations; and
- the Issuer diversifies its fuel sources, including alternative fuels such as biomass, used oil, recycled tires and other recycled materials or industrial by-products, which has resulted in less vulnerability to fossil fuels price increases and permits a reduction of energy costs.

Although these measures aim to reduce negative effects, they may not be sufficient to protect the Issuer from its exposure to the volatility of energy prices or availability of energy. As an example, in 2013, in Egypt, cement sales volumes were affected by gas shortages. As a result, material increases or changes in energy and fuel costs have affected, and may continue to affect, the Issuer's financial results.

### **Risk related to sourcing and access to raw materials**

#### ***Quarries, permits and reserves***

Access to raw materials necessary for operations (limestone, gypsum, aggregates and other raw materials) is essential for sustainability and profitability of the Group's operations and is a key consideration in the investments. Failure to obtain, maintain or renew these land and mining rights as well as any other permits, licenses, rights and titles necessary to carry out the Issuer's operations or expropriation as a result of local legislative, regulatory or political action could have a negative impact on the Group's results or on the development of its activities.

The Issuer actively manages the quarries and production plants it operates or expects to operate, and the related permits, licences, rights and titles, in order to secure its operations in the long-term. The Issuer usually owns or holds long-term land and mining rights on the quarries of limestone, gypsum, aggregate and other raw materials essential to its operations. This factor is taken into account at the time of the investments.

#### ***Other raw materials***

In addition, the Issuer increasingly uses certain by-products of industrial processes, such as synthetic gypsum, slag and fly ash, produced by third parties as raw materials. In general, the Issuer is not dependent on its raw materials suppliers and tries to secure the supply of the required materials through long-term renewable contracts and framework agreements, which ensure better management of supplies. Short-term contracts may however be entered into in certain countries. Should the Issuer's existing suppliers cease operations or reduce or eliminate production of these by-products, sourcing costs for these materials may increase significantly or require the Issuer to find alternative sources for these materials.

### **Competition - Competition Law Investigations**

Competition is strong in the markets in which the Issuer operates. Competition, whether from established market participants or new entrants could cause the Issuer to lose market shares, increase expenditures or reduce pricing, any one of which could have a material adverse effect on business, financial condition, results of operations or prospects. This risk is partially compensated by certain characteristics of the Issuer's markets which are not limited to trade-off between price and volume.

The cement industry is characterized by its high capital intensity, limiting the number of potential players likely to operate in these markets due to the significant financial investments required. A greenfield cement plant represents an average investment of several hundred million of euros.

Regulatory constraints for obtaining licenses to operate in some of the countries where the Issuer is present is another specificity of its markets. Marketing and innovation actions enable the Issuer to develop new products, services and solutions which are also differentiating factors.

Finally, the significant impact of transport costs, and the low technical obsolescence of industrial equipment, lead the Issuer to establish market positions which are both close to the customers and sustainable for the long term.

Given the Issuer's worldwide presence and the fact that it sometimes operate in markets in which the concentration of market participants is regarded as high by certain authorities. The Issuer is currently, and could be in the future, subject to investigations and civil or criminal proceedings by competition authorities for alleged infringement of antitrust laws or enjoying excess market power even without any finding of competition laws infringement. These investigations and proceedings can result in fines, civil or criminal liability, or forced divestments, which may have a material adverse effect on the image, financial condition and results of operations of some of the Group's entities, particularly given the level of fines imposed by European authorities in recent cases.

In November 2008, the major European cement companies, including the Issuer, were placed under investigation by the European Commission for alleged anti-competitive practices. In December 2010, the European Commission launched an official investigation, while indicating that this only meant that the Commission intends to pursue this as a matter of priority but does not imply that the Commission has conclusive evidence of any infringement. At this stage, given the fact-intensive nature of the issues involved and the inherent uncertainty of such litigation and investigation, the Issuer is still not in a position to evaluate the possible outcome of this pending and long-lasting investigation.

In the UK, the Competition Commission imposed on Lafarge-Tarmac Holdings (LT) a forced divestment of a cement plant (and some associated ready-mixed plants) in January, 2014, presumably due to oligopolistic market structure and related conduct, without any finding of infringement of competition law. LT lodged an appeal with the Competition Appeal Tribunal (CAT) on March 13, 2014 against the Competition Commission's, Final Report and its proposed remedies. The CAT decision is expected to be released by the end of 2014. The Issuer is committed to the preservation of vigorous, healthy and fair competition as well as complying with relevant antitrust laws in countries in which it operates. In line with this objective, the Group has established a competition policy and a competition compliance program (CCP) intended to provide the country managements with appropriate guidance to ensure compliance with the Group CCP and the applicable competition laws. Nonetheless, these procedures cannot provide absolute assurance against the risks relating to these issues.

#### **Industrial risks relating to safety and the environment**

Although the Issuer's industrial processes are very well-known and are dedicated to the production of cement, aggregates and concrete, which are not usually considered to be hazardous materials, its operations are subject to environmental and safety laws and regulations, as interpreted by relevant agencies and courts, which impose increasingly stringent obligations, restrictions and protective measures regarding, among other things, land and product use, remediation, air emissions, noise, waste and water, health and safety. The costs of complying with these laws and regulations could increase in some jurisdictions, particularly as a result of new or more stringent regulations or changes in their interpretation or implementation. In addition, non-compliance with these regulations could result in sanctions, including monetary fines, against the Issuer.

The risks faced by the Issuer regarding the environment can be illustrated by the following examples related to its operations in Germany. This country recently enacted legislation, effective 2018, that will require NOx emissions from the cement industry to be reduced to very low levels which typically cannot be achieved without the installation capital intensive specialized air pollution control equipment.

Another example, which is typical of the global trend to reduce anthropogenic emissions, is the recently concluded multi-lateral Minamata Convention, a legally binding agreement to reduce releases of mercury to the environment. This agreement, negotiated under the auspices of the United Nations Environment Programme, governs the emissions of mercury and the impact of the industry on the environment.

Although the Issuer is active in developing solutions in anticipation of such changes at this stage, it is still difficult to foresee the impact of such potential changes on its results.

The Issuer has implemented internal standards at Group level whereby environmental risks are taken into account in the management cycle and has developed a unified and consistent reporting system in each Division to measure and control environmental performances. Nonetheless, these procedures cannot provide absolute assurance against risks relating to these issues.

#### **Legal risk - Litigation**

The Group has worldwide operations, and subsidiaries are required to comply with applicable national and local laws and regulations, which vary from one country to another. As part of its operations, the Issuer is, or could be in the future, involved in various claims, as well as legal, administrative and arbitration proceedings and class action suits. New proceedings may be initiated against the Group's entities in the future.

In connection with acquisitions made in past years, the Issuer or its subsidiaries are or may be faced with various demands or complaints, including those from minority shareholders.

In connection with disposals made in the past years, the Issuer and its subsidiaries provided customary warranties notably related to accounting, tax, employees, product quality, litigation, competition, and environmental matters.

The Issuer and its subsidiaries received, or may receive in the future, notice of claims arising from said warranties.

For example, an arbitration was ongoing between the Issuer's subsidiaries and the buyer of one of our businesses which was claiming a total of 59 million US dollars. By a final and binding decision delivered in August 2013, the arbitration tribunal accepted part of the plaintiffs' claims, ordering our subsidiaries to pay 16.6 million US dollars in damages (plus 2 million US dollars in costs) and rejecting the remaining claims in the amount of 43 million US dollars.

## **Risks related to the Issuer's structure**

### ***Financial and tax issues***

Lafarge S.A. is a holding company with no significant assets other than direct and indirect interests in its numerous subsidiaries.

A number of subsidiaries are located in countries that may impose regulations restricting the payment of dividends outside the country through exchange control regulations.

To the best of the Issuer's knowledge, aside from North Korea, there are currently no countries in which it operates that prohibit the payment of dividends.

Furthermore, the transfer of dividends and other income from the Issuer's subsidiaries may be limited by various credit or other contractual arrangements and/or tax constraints, which could make such payments difficult or costly.

Should such regulations, arrangements and constraints restricting the payment of dividends be significantly increased in the future simultaneously in a large number of countries where the Issuer operates, it might impair its ability to make shareholder distributions.

In addition, the Issuer's subsidiaries are subject to tax audits by the tax authorities in the respective jurisdictions in which they are located. Various tax authorities have proposed or levied assessments for additional taxes for prior years. Although the Issuer believes that the settlement of any or all of these assessments would not have a material and adverse effect on its results or financial position, the Issuer is not in a position to evaluate the possible outcome of these proceedings.

### ***Acquisition-related accounting issues***

As a result of significant acquisitions, many of the Issuer's tangible and intangible assets are recorded in the consolidated statement of financial position of the Issuer at amounts based on their fair value as of the acquisition date. The Issuer has also recorded significant goodwill (11.6 billion euros) on its consolidated statement of financial position as of December 31, 2013).

In accordance with IFRS, the Issuer tests non-current assets, including goodwill, for impairment. In particular, a goodwill impairment test is performed at least annually and a specific analysis is performed at the end of each quarter in case of impairment indications. The key assumptions used to perform the impairment tests take into consideration the market level and forecasts on the evolution of prices and costs. These assumptions which reflect the specific environments in each country of operation. These assumptions do not, however, anticipate any major disruption in the economical or geopolitical environment.

If these assumptions prove incorrect, or must be revised to reflect worsening conditions, this could have a material adverse effect on the Issuer's results or financial position.

Depending on the evolution of the recoverable value of cash generating units (CGU) or groups of CGUs, which is mostly related to future market conditions, further impairment charges might be necessary and could have a significant impact on results.

For example, the strong decrease in demand in Greece following tougher economic conditions resulted in the Group recording an impairment loss of 160 million euros for the CGU Cement Greece in 2012.

### ***Minority shareholders***

The Issuer conducts its business through subsidiaries. In some instances, third-party shareholders hold minority interests in these subsidiaries. While this is generally considered this positive as it may result in partnership or investment agreements, various disadvantages may also result from the participation of minority shareholders whose interests may not always be aligned with the interests of the Issuer's. Some of these disadvantages may, among others, result in the difficulty or inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively.

### **Financial risks**

#### ***Indebtedness and credit ratings***

The Issuer is exposed to different market risks, which could have a material adverse effect on its financial condition or on its ability to meet its financial commitments. In particular, the Issuer's access to global sources of financing to cover the Issuer's financing needs or repayment of its debt could be impaired by the deterioration of financial markets or downgrading of the Issuer's credit rating. On December 31, 2013, the Issuer's net debt (which includes put options on shares of subsidiaries and derivative instruments) amounted to 10,330 million euros and the Issuer's gross debt amounted to 13,712 million euros, 2,906 million euros of the Issuer's gross debt as of December 31, 2013 was due in one year or less. As part of its strict financial policies, the Issuer continues to implement actions to improve its financial structure. However, no assurance can be given that it will be able to implement these measures effectively or that further measures will not be required in the future.

The financing contracts of the Issuer and its subsidiaries contain various commitments.

Some of the Issuer's subsidiaries are required to comply with certain financial covenants and ratios. At the end of 2013, these agreements represented approximately 2% of the total Group gross debt excluding put options on shares of subsidiaries.

The Issuer's agreements and those of its subsidiaries also include cross-acceleration clauses. If the Issuer, or under certain conditions, the Issuer's material subsidiaries, fails to comply with the Issuer's or their covenants, then the Issuer's lenders could declare default and accelerate repayment of a significant part of the Issuer's debt.

If the construction sector deteriorates further economically, the reduction of the Issuer's operating cash flows could make it necessary to obtain additional financing. Changing conditions in the credit markets and the level of the Issuer's outstanding debt could impair the Issuer's ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes, or make access to this financing more expensive than anticipated. This could result in greater vulnerability, in particular by limiting the Issuer's flexibility to adjust to changing market conditions or withstand competitive pressures.

The Issuer's financial costs and its ability to raise new financing could be significantly impacted by the level of the Issuer's credit ratings. The rating agencies could downgrade the Issuer's ratings either due to factors specific to the Group, or due to a prolonged cyclical downturn in the construction sector. On the filing date of this Base Prospectus, the Issuer's long-term corporate credit rating is BB+ (stable outlook) according to Standard & Poor's Rating Services, further to a downgrading on March 17, 2011 and the evolution of outlook from negative to stable on November 12, 2013. The Issuer is rated Ba1 (stable outlook) according to the rating agency Moody's, further to a downgrading on August 5, 2011 and evolution of outlook from stable to negative on August 12, 2013. Such downgrading leads to additional net interest expense of approximately 65 million euros in 2013, mainly due to the "step up" clause included in bonds issued by the Issuer between 2009 and 2011. Moody's Investor Services and Standard and Poor's Rating Services are ratings services established in the European Union and registered under the CRA Regulation and, as such, Moody's Investor Services Limited and Standard and Poor's Rating Services are included in the list of credit rating agencies published by the European Securities and Markets Authority (*ESMA*) on its website in accordance with the CRA Regulation.

Any new decline in the Issuer's ratings could have a negative impact on the Issuer's financial condition, the Issuer's results, and the Issuer's ability to refinance the Issuer's existing debt.

#### ***Liquidity risk***

The Issuer is exposed to a risk of insufficient financial resources, which could impact its ability to continue the Issuer's operations. The Group implements policies to limit its exposure to liquidity risk. As a result of these policies, a significant portion of the Issuer's debt has a medium or long-term maturity. The Group also

maintains committed credit lines with various banks, which are primarily used as a back-up for the debt maturing within one year as well as for the Group's short-term financing, and which contribute to the Group's liquidity. Based on the Issuer's current financial outlook, the Issuer believes that it has sufficient resources for its ongoing operations in both the short term and the long-term. Inability to maintain sufficient liquidity could have a material adverse impact on its business, financial condition, results of operations or prospects.

### ***Pension plans***

The Issuer has obligations under defined benefit pension plans, mainly in the United Kingdom and North America. The Issuer's funding obligations depend upon future asset performance, the level of interest rates used to measure future liabilities, actuarial assumptions and experience, benefit plan changes, and government regulations. Due to the large number of variables that determine pension funding requirements, which are difficult to predict, as well as any legislative action, future cash funding requirements for the Issuer's pension plans and other post-employment benefit plans could be significantly higher than the amounts estimated as at December 31, 2013. If so, these funding requirements could have a material adverse effect on the Group's financial situation or results.

### **Market risks**

In this Section, debt figures are presented excluding put options on shares of subsidiaries granted to non-controlling interests.

### **Currency exchange risks and exchange rate sensitivity**

#### ***Currency exchange risk***

The Issuer and its subsidiaries are subject to foreign exchange risk as a result of the purchase and sale transactions in currencies other than their functional currencies.

With regard to transaction-based foreign currency exposures, the Group's policy is to hedge all material foreign currency exposures through derivative instruments no later than when a firm commitment is entered into or becomes known. These derivative instruments are generally limited to forward contracts and standard foreign currency options, with terms of generally less than one year. From time to time, the Issuer also hedges future cash flows in foreign currencies when such flows become highly probable. The Issuer does not enter into foreign currency exchange contracts other than for hedging purposes.

Each subsidiary is responsible, for managing the foreign exchange positions arising as a result of commercial and financial transactions performed in currencies other than its domestic currency with the support of the corporate Treasury department. Exposures are centralized and hedged with the corporate Treasury department using foreign currency derivative instruments when local regulations allow it. Otherwise, exposures are hedged with local banks. The Issuer attempts to reduce the overall exposure by netting purchases and sales in each currency on a global basis, where feasible, and then covers its net position in the market.

As far as financing is concerned, the Group's general policy is for subsidiaries to borrow and invest excess cash in the same currency as their functional currency, when possible, except for subsidiaries operating in emerging markets, where "structural" cash surpluses are invested, wherever possible, in U.S. dollars or in euros. A portion of the Issuer's financing is in U.S. dollars and British pounds, in particular as a result of the Issuer's operations located in these countries. Part of this debt was initially raised in euros at the parent company level then converted into foreign currencies through currency swaps.

The Issuer holds assets, earns income and incurs expenses and liabilities directly and through its subsidiaries in a variety of currencies. Consolidated financial statements are presented in euros, therefore, the assets, liabilities, income and expenses in other currencies are translated into euros at closing exchange rates.

#### ***Exchange rate sensitivity***

If the euro increases in value against a currency, the value in euros of assets, liabilities, income and expenses originally recorded in the other currency will decrease. Conversely, if the euro decreases in value against a currency, the value in euros of assets, liabilities, income, and expenses originally recorded in that other currency will increase. Consequently, increases and decreases in the value of the euro may affect the value in euros of the Issuer's non-euro assets, liabilities, income, and expenses, even though the value of these items has not changed in their original currency.

In 2013, the Issuer generated approximately 85% of its sales in currencies other than the euro, with approximately 25% denominated in US or Canadian dollars. As a result, a 10% change in the US dollar/euro exchange rate and in the Canadian dollar/euro exchange rate would have an impact on the Issuer's sales of approximately 358 million euros.



In addition, on December 31, 2013, before currency swaps, 15% of total debt was denominated in US dollars and 5% in British pounds. After taking into account the swaps, the U.S. dollar denominated debt amounted to 9% of total debt, while debt denominated in British pounds represented 5% of the total. A +/-5% fluctuation in the U.S. dollar/euro and in the British pound/euro exchange rate would have an estimated maximum impact of +/- 87 million euros on the Issuer's net debt exposed to these two foreign currencies as of December 31, 2013.

The table below provides information about the Issuer's debt and foreign exchange derivative financial instruments that are sensitive to exchange rates. The table shows:

- for debt obligations, the principal cash flows in foreign currencies by expected maturity dates and before swaps,
- for foreign exchange forward agreements, the notional amounts by contractual maturity dates. These notional amounts are generally used to calculate the contractual payments to be exchanged under the contract.

***Maturities of notional contract values on December 31, 2013***

(million euros)	2014	2015	2016	2017	2018	> 5 years	Total	Fair Value
<b>DEBT IN FOREIGN CURRENCIES <sup>(1)</sup></b>								
US dollar	224	469	651	13	41	666	2,064	2,264
British pound	5	-	-	660	-	-	665	766
Other currencies	718	190	130	36	8	20	1,102	1,090
<b>TOTAL</b>	<b>947</b>	<b>659</b>	<b>781</b>	<b>709</b>	<b>49</b>	<b>686</b>	<b>3,831</b>	<b>4,120</b>
<b>FOREIGN EXCHANGE DERIVATIVES <sup>(2)</sup></b>								
<b>Forward contract purchases and currency swaps</b>								
US dollar	1,111	-	-	-	-	-	1,111	(9)
British pound	130	-	-	-	-	-	130	(-)
Other currencies	75	-	-	-	-	-	75	1
<b>TOTAL</b>	<b>1,316</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,316</b>	<b>(8)</b>
<b>Forward contract sales and currency swaps</b>								
US dollar	324	-	-	-	-	-	324	3
British pound	46	-	-	-	-	-	46	-
Other currencies	689	-	-	-	-	-	689	7
<b>TOTAL</b>	<b>1,059</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,059</b>	<b>10</b>
<i>(1) The fair value of long-term debt was determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using an interest rate that takes into account the Group's incremental borrowing rate at year-end for similar types of debt arrangements. Market price is used to determine the fair value of publicly traded instruments.</i>								
<i>(2) The fair value of foreign currency derivative instruments has been calculated using market prices that the Group would pay or receive to settle the related agreements.</i>								

Based on outstanding hedging instruments on December 31, 2013, a +/-5% shift in exchange rates would have an estimated maximum impact of respectively +/-2 million euros on equity in respect of foreign currency derivatives designated as hedging instruments in a cash flow hedge relationship. The net income statement impact of the same exchange rate fluctuations on the Group's foreign exchange derivative instruments is +/-4 million euros. Fair values are calculated with internal models that rely on market observable data (currency spot rate, forward rate, currency rate curves, etc.).

***Interest rate risks***

The Issuer is exposed to interest-rate risk through debt and cash. The Issuer's interest rate exposure can be sub-divided among the following risks:

- price risk for fixed-rate financial assets and liabilities.

By contracting a fixed-rate liability, for example, the Issuer is exposed to an opportunity cost in the event of a fall in interest rates. Changes in interest rates impact the market value of fixed-rate assets and liabilities, leaving the associated financial income or expense unchanged;

- cash flow risk for floating-rate assets and liabilities.

Changes in interest rates have little impact on the market value of floating-rate assets and liabilities, but directly influence the future income or expense flows of the Group.

In accordance with its policy, the Issuer seeks to manage these two types of risks, including the use of interest-rate swaps and forward rate agreements. The Corporate Treasury department manages the Issuer's financing and interest rate risk exposure in accordance with defined rules in order to keep a balance between fixed rate and floating rate exposure.

Although the Issuer manages its interest rate exposure is managed as described above, it cannot immunize the Issuer fully from interest rate risks.

### **Interest rate sensitivity**

Before taking into account interest rate swaps, on December 31, 2013, 86% of the Group total debt carried a fixed rate. After taking into account these swaps, the portion of fixed-rate debt amounted to 72%.

A +/-1% change in short-term interest rates calculated on the net floating rate debt, taking into account derivative instruments would have a maximum impact on the Group's 2013 consolidated income before tax of +/-5 million euros.

The table below provides information about interest-rate derivative instruments and debt obligations that are sensitive to changes in interest rates and presents:

- for debt obligations, the principal cash flows by expected maturity dates and related weighted average interest rates before swaps;
- for interest-rate derivative instruments, notional amounts by contractual maturity dates and related weighted average interest rates. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Weighted average floating rates are based on effective rates at year-end.

### **Maturities of notional contract values on December 31, 2013**

(million euros)	Average Rate (%)	2014 H1	2014 H2	2015	2016	2017	2018	> 5 years	Total	Fair Value
<b>DEBT <sup>(1)</sup></b>										
Long-term debt <sup>(2)</sup>	6.4	1,085	907	1,494	2,346	1,695	1,829	3,419	12,775	13,951
Fixed rate portion	6.7	1,011	785	1,434	1,941	1,657	1,702	3,158	11,688	12,855
Floating rate portion	3.5	74	122	60	405	38	127	261	1,087	1,096
Short-term debt	5.2	692	195						887	887
<b>INTEREST - RATE DERIVATIVES <sup>(3)</sup></b>										
<b>Pay fixed</b>										
Euro	4.6	-	42	-	-	-	-	-	42	(1)
Other currencies	8.6	74	-	-	-	-	-	-	128	16
<b>Pay floating</b>										
Euro	0.3	-	-	-	500	1,000	500	-	2,000	2
Other currencies	-	-	-	-	-	54	-	-	-	-
<b>Other interest-rate derivatives</b>										
Euro	-	-	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-	-	-
<p>(1) The fair value of long-term debt was determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using an interest rate that takes into account the Group's incremental borrowing rate at year-end for similar types of debt arrangements.</p> <p>(2) Including the current portion of long-term debt.</p> <p>(3) The fair value of foreign interest rate derivative instruments has been calculated using market prices that the Group would pay or receive to settle the related agreements.</p>										

Based on outstanding hedging instruments on December 31, 2013, a +/-100 basis point shift in yield curves would have a non significant impact on equity in respect of interest-rate derivatives designated as hedging instruments in a cash flow hedging relationship. The impact on the income statement related to interest-rate derivative instruments designated as hedging instruments in a fair value hedging relationship is netted off by the revaluation of the underlying debt. Furthermore, the income statement impact of the same yield curve

fluctuations on interest-rate derivative instruments, not designated as hedges for accounting purposes, would have non significant impact in income. Fair values are calculated with internal models that rely on observable market data (interest rates curves, “zero coupon” curves, etc.).

### **Commodity price fluctuation risk and sensitivity**

The Issuer is also subject to commodity price fluctuation risk mainly in the power, natural gas, petcoke, coal and fuel and also maritime freight markets. Exposure to fluctuations in commodity prices is limited by increased use of alternative fuels and renewable energies.

From time to time, and if a market exists, commodity exposures are hedged through derivative instruments at the latest when a firm commitment is entered into or known, or where future cash flows are highly probable. These derivative instruments are generally limited to swaps and options, with maturities and terms adaptable on a case by case basis.

No derivative instrument is entered into other than for hedging purposes.

Based on outstanding hedging instruments on December 31, 2013, a +/-20% change in the commodity indexes against which the Issuer is hedged, *i.e.* mainly power, fuel (Platts), gas oil (IPE) and coal (Newcastle FOB), would have an estimated maximum impact of respectively -/+9 million euros on equity in respect of commodity derivative instruments designated as hedging instruments in a cash flow hedging relationship. The net income statement impact of the same commodity index fluctuations on the Group’s commodity derivative instruments is not material. Fair values are calculated with internal models that rely on observable market data (raw materials spot and forward rates, etc.).

### **Counterparty risk for financial operations**

The Issuer is exposed to credit risk in the event of default by a counterparty (mainly banks and other financial institutions). The exposure to counterparty risks is limited by rigorously selecting the Issuer’s counterparties, by regularly monitoring the ratings assigned by credit rating agencies, and by taking into account the nature and maturity of the Issuer’s exposed transactions, according to internal Group policies. Counterparty limits are defined and regularly reviewed. The Issuer believes its counterparty management risk is cautious and in line with market practices but this may not prevent the Issuer from being significantly impacted in case of systemic crisis.

### **Listed shares risk**

#### ***Quoted equity***

The Issuer does not hold any non-consolidated investments in listed companies which could have a significant impact on the profit or financial situation of the Group.

The Group’s principal defined benefits pension plans, which are situated in the United Kingdom and in North America, are managed by pension funds that invest the main part of their assets in listed securities.

In the United Kingdom, the pension assets are principally administered through a unique pension fund, governed by an independent Board of Trustees.

#### ***Treasury shares***

On December 31, 2013 the Issuer held 17,935 treasury shares. These shares are assigned to cover stock option or performance share grants. The Issuer considers the risk exposure with respect to treasury shares to be non significant.

### **Risk related to the intended combination between the Issuer and Holcim**

On 7 April 2014, the Issuer announced that it intends to enter into a merger of equals with Holcim to create LafargeHolcim (the **Project**). Information on the Project is available on the Issuer’s website (<http://lafargeholcim.projet-fusion.com/en/download/press-release-en.pdf>). The Project is notably conditional upon, amongst other things, execution of definitive documentation, approval of the shareholders of Holcim Ltd and obtaining required regulatory and other customary authorisations.

The Project is intended to deliver growth prospects and to enable LafargeHolcim to realise synergies. However the expected growth opportunities, cost savings and synergies might not develop and other assumptions on which the Project was determined may prove to be incorrect. As described above, the Project is conditional on a number of key requirements being met, and failure to execute definitive documentation and to obtain the required approvals and authorisations could result in the Project not being completed. The Issuer may also face challenges with the following: minimising the diversion of management attention from on-going business

concerns, possible price obtained from the divestment of certain assets which could have a material impact on the financial metrics of the merged entity and addressing possible differences in business culture. There can also be no assurance that the Issuer and Holcim will be able to obtain or maintain all regulatory approvals from all relevant jurisdictions for the Project.

Following the announcement of the Project, rating agencies have issued the following updates: Standard & Poor's Ratings Services ("S&P") has placed the Issuer's BB+ rating under positive outlook, and Moody's Investors Service ("Moody's") has put the Issuer's Ba1 rating under review for upgrade. But S&P has also stated that it would most likely revise the outlook to stable if the Project did not close, while Moody's have stated that negative rating pressure would build if the Project could not conclude, and, if at the same time the Issuer's standalone metrics, such as RCF/net debt have not improved to around 15% in 2014.

This risk factor does not constitute an offer or the solicitation of an offer to exchange any shares of the Issuer.

## **RISK FACTORS RELATING TO THE NOTES**

### **Prospective Investors must base any investment decision on independent review and advice**

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuer or the Dealer(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

### **The conditions of the Notes permit modifications, waivers and substitutions binding on all Noteholders to be effected by defined majorities of Noteholders**

The conditions of the Notes contain provisions for calling General Meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting and Noteholders who voted in a manner contrary to the majority.

### **Conflicts may arise between the interests of the Issuer, the Dealer(s) or the Calculation Agent and the interests of Noteholders**

Potential conflicts of interest may arise between the calculation agent, if any, for a Tranche of Notes and the Noteholders, including with respect to certain discretionary determinations and judgements that such calculation agent may make pursuant to the Terms and Conditions that may influence the amount receivable upon redemption of the Notes.

### **The trading market for debt securities may be volatile and may be adversely impacted by many events**

The market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

### **An active trading market for the Notes may not develop**

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Issuer or its affiliates are entitled to buy and sell the Notes for their own account or for the account of others, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

**Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield anticipated by Noteholders to be considerably less than anticipated**

In the event that the Issuer would be obliged to pay additional amounts in respect of any Notes due to any withholding as provided in Condition 6 of the Terms and Conditions of the Notes, the Issuer may and, in certain circumstances, shall redeem all of the Notes then outstanding in accordance with the Terms and Conditions of the Notes.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of termination is often provided for bonds or notes in periods of high interest rates. If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

**A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs**

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

**A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes**

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The withholding tax impact on Noteholders generally in Austria, Belgium, France, Germany, Ireland, Luxembourg, the Netherlands and the United Kingdom is described under "Taxation" below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Notes.

**The value of Fixed Rate Notes may change**

Investors in Fixed Rate Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Notes.

**Investors will not be able to calculate in advance their rate of return on Floating Rate Notes**

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

**Zero coupon notes are subject to higher price fluctuations than non-discounted notes**

Changes in market interest rates have a substantially stronger impact on the prices of zero coupon notes than on the prices of ordinary notes because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon notes can suffer higher price losses than other notes having the same maturity and credit rating. Due to their leverage effect, zero coupon notes are a type of investment associated with a particularly high price risk.

#### **Foreign currency notes expose investors to foreign-exchange risk as well as to issuer risk**

As purchasers of foreign currency notes, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to the issuer or the type of note being issued.

#### **Holders of Subordinated Notes face a significantly increased risk that the Notes will not perform as anticipated**

In the event of any insolvency or liquidation of the Issuer, holders of Subordinated Notes would receive payments on any outstanding Subordinated Notes only after senior Noteholders and other senior creditors have been repaid in full, if and to the extent that there is still cash available for those payments. Thus, holders of Subordinated Notes generally face a higher performance risk than holders of senior Notes.

#### **Exercise of Change of Control Put Option in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised**

Depending on the number of Notes in the same Series in respect of which the Change of Control Put Option provided in the relevant Final Terms is exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid. In addition, investors may only be able to reinvest the moneys they receive upon such early redemption in securities with lower yield than the redeemed Notes.

#### **Notes with integral multiples**

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

#### **Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors as discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell, or hold securities and may be revised or withdrawn by the rating agency at any time.

#### **EU Directive on the Taxation of Savings Income**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the Savings Income Directive), Member States are required to provide to the tax authorities of another Member State details of certain payments of interest or similar income (similar income for this purpose includes, but is not limited to, payments on redemption of the Notes representing any discount on the issue of the Notes or any premium payable on redemption) paid or secured by a person within its jurisdiction established in a Member State or for the benefit of an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). On 10 April 2013, the Luxembourg government announced its intention to opt out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015 and will then commence automatic information exchange under the Savings Income Directive.

A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system, or through a non-EU country which has adopted similar measures and has opted for a withholding system, or through certain dependent or associated territories which have adopted similar measures and which have opted for a withholding system, and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Income Directive.

On 24 March 2014, the Council of the European Union adopted a directive amending and broadening the scope of the Savings Income Directive, which, when implemented, will enlarge the scope of the Savings Income Directive. These changes will expand the range of payments covered by the Savings Income Directive, in particular to include additional types of income payable on securities. The Savings Income Directive will also apply a “look through approach” to payments made via certain persons, entities or legal arrangements (including trusts and partnerships), where certain conditions are satisfied, where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the Savings Income Directive. This approach may in some cases apply where the person, entity or arrangement is established or effectively managed outside the European Union. The Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with the amending directive, with application of the new requirements from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisors.

#### **Risks related to RMB Notes**

##### ***RMB is not freely convertible and the liquidity of the Notes denominated in RMB may be adversely affected***

RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies, including the Hong Kong Dollar, despite the significant reduction over the years by the PRC government of its control over routine foreign exchange transactions under current accounts. The People’s Bank of China (**PBOC**) has established a RMB clearing and settlement system for participating banks in Hong Kong pursuant to a settlement agreement relating to the clearing of RMB business between PBOC and Bank of China (Hong Kong) Limited. However, the current size of RMB and RMB denominated financial assets in Hong Kong is limited, and its growth is subject to many constraints which are directly affected by PRC laws and regulations on foreign exchange and may adversely affect the liquidity of Notes denominated in RMB.

##### ***RMB currency risk***

Except in limited circumstances, all payments of RMB under Notes denominated in RMB to an investor will be made solely by transfer to a RMB bank account maintained in the relevant RMB Settlement Centre (for this purpose, excluding the PRC) in accordance with the prevailing rules and regulations and in accordance with the terms and conditions of the Notes. The Issuer cannot be required to make payment by any other means (including in bank notes or by transfer to a bank account in the PRC). RMB is not freely convertible at present, and conversion of RMB into other currencies through banks in Hong Kong and other RMB Settlement Centres are subject to certain restrictions.

##### ***Issuer may make such payments in another currency***

In addition, there can be no assurance that access to RMB for the purposes of making payments under such Notes or generally may remain or will not become restricted. If by reason of any circumstances relating to inconvertibility, illiquidity or non-transferability of RMB (see condition 5(g)), the Issuer is not able to satisfy payments with respect to the Notes when due in RMB, the Issuer may make such payments in U.S. dollars using an exchange rate determined by the Calculation Agent, or the Issuer may redeem the Notes by making payment in U.S. dollars.

##### ***RMB exchange rate risk***

The value of RMB against foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The Issuer will make all RMB payments under Notes denominated in RMB in RMB (subject to the second paragraph under the heading “RMB currency risk” above). As a result, the value of such payments in RMB (in other applicable foreign currency terms) may vary with the prevailing exchange rates in the marketplace. If the value of RMB depreciates against foreign currencies, the value of an investor’s investment in other applicable foreign currency terms will decline.

***RMB interest rate risk***

The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. With respect to any Notes which carry a fixed interest rate, the value of such Notes will vary with the fluctuations in the RMB interest rates. If a Noteholder tries to sell such Notes before their maturity, he may receive an offer that is less than the amount he has invested.



## **RESPONSIBILITY STATEMENT**

The Issuer accepts responsibility for the information contained in this Base Prospectus and in the Final Terms for each Tranche of Notes issued under the Programme. The Issuer declares, having taken all reasonable care to ensure that such is the case, that to the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

## CONDITIONS ATTACHED TO THE CONSENT OF THE ISSUER TO USE THE BASE PROSPECTUS

In the context of any offer of Notes that is not within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a *Non-exempt Offer*), the Issuer may request the CSSF to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a *Passport*) in relation to the passporting of the Base Prospectus to the competent authority of Austria, Belgium, France, Germany, Ireland, The Netherlands, the United Kingdom (the *Host Member States*, together with the Grand Duchy of Luxembourg, the *Public Offer Jurisdictions*). Even if the Issuer passports the Base Prospectus into the Host Member State, it does not mean that it will choose to make any Public Offer in the Host Member State. Investors should refer to the Final Terms for any issue of Notes to see whether the issuer has elected for a Public Offer of Notes in the Host Member States and the period during which it intends to make a Public Offer in the Host Member States. The Issuer accepts responsibility, in each Host Member State for which it has given its consent referred to herein, for the content of this Base Prospectus in relation to any person (an *Investor*) to whom an offer of any Notes is made by any financial intermediary to whom it has given its consent to use this Base Prospectus (an *Authorised Offeror*, as set out in the Final Terms or on the website of the Issuer as set out in the paragraph below), where the offer is made during the period for which that consent is given and where the offer is made in the Host Member State for which that consent was given and is in compliance with all other conditions attached to the giving of the consent. However, neither the Issuer nor the Dealers have or take any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other applicable local regulatory requirements or other securities law requirements in relation to such offer.

If so specified in the Final Terms in respect of any Tranche of Notes, the Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of the relevant Notes during the Offer Period specified in the relevant Final Terms (the *Offer Period*) either (1) in the Host Member State(s) specified in the relevant Final Terms by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and which satisfies any conditions specified in the relevant Final Terms or (2) by the financial intermediaries specified, in the relevant Final Terms to be acting in the capacity of Managers or, as the case may be, Placers (each as defined in the relevant Final Terms), in respect of the relevant Tranche of Notes, in the Host Member State(s) and subject to the relevant conditions, in each case specified in the relevant Final Terms, for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC). The Issuer may give consent to additional financial intermediaries after the date of the relevant Final Terms and, if it does so, the Issuer will publish the above information in relation to them on [www.lafarge.com](http://www.lafarge.com). Such consent shall not extend beyond twelve months from the date of this Base Prospectus.

**Any Authorised Offeror who wishes to use this Base Prospectus in connection with a Non-exempt Offer as set out in (1) above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this Base Prospectus (and all the existing amendments and supplements thereto) for such Non-exempt Offer in accordance with the consent of the Issuer and the conditions attached thereto.**

To the extent specified in the relevant Final Terms, a Non-exempt Offer may be made during the relevant Offer Period by any of the Issuer, the Dealers or any relevant Authorised Offeror in any relevant Host Member State and subject to any relevant conditions, in each case all as specified in the relevant Final Terms.

Other than as set out above, neither the Issuer nor any of the Dealers has authorised the making of any Non-exempt Offer by any person in any circumstances and such person is not permitted to use this Base Prospectus in connection with its offer of any Notes. Any such Non-exempt Offers are not made on behalf of the Issuer or by any of the Dealers or Authorised Offerors and none of the Issuer or any of the Dealers or Authorised Offerors has, or takes, any responsibility or liability for the actions of any person making such Non-exempt Offers. Each Investor should therefore enquire whether an offer of Notes is so authorised by the relevant Issuer. If the offeror is not so authorised, the Investor should check with the offeror whether anyone is responsible for the Base Prospectus for the purposes of the Prospectus Directive in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents it should take legal advice.

**An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements (the *Terms and Conditions of the Non-exempt Offer*). The Issuer will not be a party to any such arrangements with Investors (other than**

**Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Non-exempt Offer shall be published by that Authorised Offeror on its website at the relevant time. None of the Issuer, any of the Dealers or other Authorised Offerors has any responsibility or liability for such information.**

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read in conjunction with the following documents which have been previously published and filed with the CSSF and construed on the basis that such documents are incorporated by reference in, and form part of, this Base Prospectus:

- (a) the English version of the 2013 *Rapport Annuel: Document de Référence* registered with the *Autorité des Marchés Financiers* on 2 April 2014, except for the AMF logo and relating note below the logo appearing on the inside cover page, the Certification on page 181 and the AMF cross-reference table appearing from page 281 to page 284 (the **2013 Document de Référence**);
- (b) the English version of the 2012 *Rapport Annuel: Document de Référence* registered with the *Autorité des Marchés Financiers* on 3 April 2013, except for the AMF logo and relating note below the logo appearing on the inside cover page, the Certification on page 185 and the cross-reference table appearing from page 309 to page 312 (the **2012 Document de Référence**);
- (c) the English version of the *Financial Report for the First Quarter ended March 31, 2014* (the **Interim Financial Report**);
- (d) the terms and conditions of Lafarge S.A. included from page 26 to page 45 in the base prospectus dated 3 November 2005 relating to the Programme;
- (e) the terms and conditions of Lafarge S.A. included from page 31 to page 53 in the base prospectus dated 12 June 2007 relating to the Programme;
- (f) the terms and conditions of Lafarge S.A. included from page 26 to page 45 in the base prospectus dated 14 April 2008 relating to the Programme;
- (g) the terms and conditions of Lafarge S.A. included in the base prospectus from page 28 to page 49 dated 14 April 2009 relating to the Programme as amended on page 42 by the amendment set out in page 14 of the fourth supplement to this base prospectus dated 7 April 2010;
- (h) the terms and conditions of Lafarge S.A. included from page 34 to page 55 in the base prospectus dated 23 April 2010 relating to the Programme;
- (i) the terms and conditions of Lafarge S.A. included from page 40 to page 62 in the base prospectus dated 23 April 2012 relating to the Programme; and
- (j) the terms and conditions of Lafarge S.A. included from page 30 to page 53 in the base prospectus dated 16 May 2013 relating to the Programme;

References in this document to the 2013 Document de Référence and to the 2012 Document de Référence shall be deemed to exclude the excluded sections mentioned respectively in sub-paragraph (a) and sub-paragraph (b) above, on the basis that this information is not relevant to investors. The Issuer accepts responsibility for the accuracy of the translation from French into English of the 2012 *Document de Référence* and the 2013 *Document de Référence*.

The other parts of the base prospectuses listed in paragraphs (d) to (j) above that are not incorporated by reference are not relevant for the investor.

Any statement made in an incorporated document shall be deemed to be modified or superseded for purposes of this Base Prospectus to the extent that a statement contained in this Base Prospectus modifies or supersedes such statement. Any statement that is modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this Base Prospectus.

**CROSS-REFERENCE LIST RELATING TO HISTORICAL INFORMATION INCLUDED IN  
THE 2012 DOCUMENT DE REFERENCE AND 2013 DOCUMENT DE REFERENCE**

<b>Annex IV</b>		<b>Document &amp; page reference</b>
<b>3.</b>	<b>SELECTED FINANCIAL INFORMATION</b>	
<b>3.1</b>	Selected historical financial information regarding the Issuer	Page 6 of the 2013 Document de Référence
<b>4.</b>	<b>INFORMATION ABOUT THE ISSUER</b>	
<b>4.1</b>	<b>History and Developments of the Issuer</b>	
<b>4.1.1</b>	The legal and commercial name of the Issuer.	Page 10 of the 2013 Document de Référence
<b>4.1.2</b>	The place of registration of the Issuer and its registration number.	Page 10 of the 2013 Document de Référence
<b>4.1.3</b>	The date of incorporation and the length of life of the Issuer.	Page 10 of the 2013 Document de Référence
<b>4.1.4</b>	The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, and the address and telephone number of its registered office.	Pages 10 and back page of the 2013 Document de Référence
<b>5.2</b>	<b>Investments</b>	
<b>5.2.1</b>	A description of the principal investments made since the date of the last published financial statements.	Page 41 of the 2013 Document de Référence
<b>5.2.2</b>	Information concerning the Issuer's principal future investments, on which its management bodies have already made firm commitments.	Page 41 of the 2013 Document de Référence
<b>5.2.3</b>	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in the preceding section.	Page 41 of the 2013 Document de Référence
<b>6.</b>	<b>BUSINESS OVERVIEW</b>	
<b>6.1</b>	<b>Principal Activities</b>	
<b>6.1.1</b>	A description of the Issuer's principal activities stating the main categories of products sold and/or services performed.	Pages 28 to 42 of the 2013 Document de Référence
<b>6.2</b>	<b>Principal Markets</b>	
	A brief description of the principal markets in which the Issuer competes.	Page 28 to 36 of the 2013 Document de Référence
<b>6.3</b>	The basis for any statements made by the Issuer regarding its competitive position.	Pages 28 to 42 of the 2013 Document de Référence
<b>7.</b>	<b>ORGANISATIONAL STRUCTURE</b>	
<b>7.1</b>	If the Issuer is part of a group, a brief description of the group and of the Issuer's position within it.	Page 180 of the 2013 Document de Référence
<b>8.</b>	<b>TREND INFORMATION</b>	
<b>8.2</b>	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.	Page 44 of the 2013 Document de Référence
<b>10.</b>	<b>ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>	
<b>10.1</b>	Names, business addresses and functions in the Issuer of the members of the administrative, management and supervisory bodies, and an indication of the principal activities performed	Pages 68 to 83 and 96 to 97 of the 2013 Document de Référence

	by them outside the Issuer where these are significant with respect to the Issuer.	
<b>10.2</b>	<b>Conflicts of Interest</b>	
	Potential conflicts of Interest between any duties to the issuing entity of the persons referred to in item 10.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.	Pages 84 to 86 and 96 to 97 of the 2013 Document de Référence
<b>11.</b>	<b>BOARD PRACTICES</b>	
11.1	Details relating to the Issuer's audit committees, including the names of committee members and a summary of the terms of reference under which the committee operates.	Pages 88 to 95 of the 2013 Document de Référence
11.2	A statement as to whether or not the Issuer complies with its country of incorporation's corporate governance regime(s). In the event that the Issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the Issuer does not comply with such a regime.	Pages 62, 116 to 117 of the 2013 Document de Référence
<b>12.</b>	<b>MAJOR SHAREHOLDERS</b>	
12.1	To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	Pages 166 to 174 of the 2013 Document de Référence
<b>13.</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>	
<b>13.1</b>	<b>Audited historical financial information covering the latest 2 financial years:</b>	
	(a) consolidated balance sheet;	Page F-7 of the 2013 Document de Référence Page F-6 of the 2012 Document de Référence
	(b) consolidated income statement;	Pages F-5 to F-6 of the 2013 Document de Référence Pages F-4 to F-5 of the 2012 Document de Référence
	(c) consolidated cash flow statement;	Pages F-8 to F-9 of the 2013 Document de Référence Pages F-7 to F-8 of the 2012 Document de Référence
	(d) consolidated changes in equity statement;	Page F-10 of the 2013 Document de Référence Page F-9 of the 2012 Document de Référence
	(e) accounting policies and explanatory notes.	Pages F-11 to F-73 of the 2013 Document de Référence Pages F-10 to F-76 of the 2012 Document de Référence
<b>13.3</b>	<b>Statutory Auditors' reports on the Issuer's consolidated financial statements for the years ended 31 December 2012 and 31 December 2011</b>	Page F-3 of the 2013 Document de Référence Page F-3 of the 2012 Document de Référence
<b>13.6</b>	<b>LEGAL AND ARBITRATION PROCEEDINGS</b>	
	Information on any governmental, legal or arbitration	Pages F-66 to F-67 of the 2013

	proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period covering at least the previous 12 months which may have or have had in the recent past, significant effects on the Issuer and or the Group's financial position or profitability.	Document de Référence Pages 33 to 35 of the Interim Financial Report
<b>13.7</b>	<b>SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION</b>	
	A description of any significant change in the financial or trading position of the Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.	F-24 to F25, F-70 and F-79 of the 2013 Document de Référence Page 26 of the Interim Financial Report
<b>14</b>	<b>ADDITIONAL INFORMATION</b>	
<b>14.1</b>	Share capital	
14.1.1	The amount of issued capital, the number and classes of the shares of which it is composed with details of their principal characteristics, the part of the issued capital still to be paid up, with an indication of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down where applicable according to the extent to which they have been paid up.	Page 166 of the 2013 Document de Référence
<b>14.2</b>	Memorandum and articles of association	
14.2.1	The register and the entry number therein, if applicable, and a description of the Issuer's objects and purposes and where they can be found in the memorandum and articles of association.	Pages 177 to 180 of the 2013 Document de Référence
<b>15.</b>	<b>MATERIAL CONTRACTS</b>	
	A brief summary of all material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued.	Page 179 to 180 of the 2013 Document de Référence

For the avoidance of doubt, the information contained in the Issuer's annual reports in the 2013 Document de Référence, the 2012 Document de Référence, which is not listed in the above table, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) n°809/2004 of April 29, 2004, as amended and is given for information purposes only.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus. In addition, such documents will be available free of charge from the principal office in Luxembourg of BNP Paribas Securities Services — Luxembourg Branch (the *Luxembourg Listing Agent*) set out at the end of this Base Prospectus during normal business hours so long as any of the Notes are outstanding. Such documents will also be published on the web site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## **GENERAL DESCRIPTION OF THE PROGRAMME**

Under the Programme, the Issuer may from time to time issue Notes. The issue price, issue date, interest rate, interest period, redemption date applicable to any Notes and any other relevant provisions of such Notes will be as set out in the Terms and Conditions of the Notes, as completed by the applicable Final Terms.

The maximum aggregate nominal amount of Notes that may be issued under the Programme is €12,000,000,000 (or its equivalent in other currencies) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under “Form of the Notes”) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation; and
- (b) the euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under “Form of the Notes”) and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.



## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note, in the latter case only if permitted by the rules of the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Definitive Note. Reference should be made to “Form of the Notes” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Lafarge (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a temporary or permanent global Note (each a **Global Note**), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 27 May 2014 and made between the Issuer, Citibank, N.A. as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent), the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and the other agents named therein.

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note and supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the “**applicable Final Terms**” are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Amended and Restated Deed of Covenant (the **Deed of Covenant**) dated 27 May 2014 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg.

Copies of the Agency Agreement, the applicable Final Terms and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the

Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## **1. Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

The minimum denomination of each Note listed and admitted to trading on a market regulated for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (a **MiFID Regulated Market**) or offered to the public within the territory of any EEA Member State, in each case in circumstances which require the publication of a prospectus under the Prospectus Directive shall be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. This Note is either a Subordinated Note or an Unsubordinated Note, as indicated in the applicable Final Terms.

This Note may be an Instalment Note, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and/or Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. Notes which are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

If French law so provides, the Issuer may require the identification of the Noteholders unless such right is expressly excluded in the relevant Final Terms.

For so long as any of the Notes are represented by a Global Note held by or on behalf of the HKMA as the operator of the CMU (**CMU operator**), each person for whose account interest in the relevant Global Note is credited as being held in the CMU, as notified by the CMU to the CMU Lodging Agent in a relevant CMU Instrument Position Report, or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error), shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and

subject to the terms of the relevant Global Note and the expressions “Noteholder” and “Noteholders” and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg or the CMU, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system including Euroclear France and the *Intermédiaires financiers habilités* authorised to maintain accounts therein specified in the applicable Final Terms.

For the purpose of these Terms and Conditions:

**CMU** or **CMU Service** means the Central Moneymarkets Unit Service (or any lawful successor thereto), being the book-entry clearing system operated by the HKMA;

**CMU Instrument Position Report** means the instrument position report showing the aggregate nominal value of the instrument specified therein held by CMU Members in the CMU securities accounts, as prepared from time to time by the CMU, and provided to the relevant paying agent of such instrument, in the form shown in Appendix E.2 of the CMU Manual;

**CMU Lodging Agent** shall be as specified in the relevant Final Terms;

**CMU Manual** means the reference manual relating to the operation of the CMU Service issued by the HKMA to CMU Members, as amended from time to time;

**CMU Member** means any member of the CMU Service;

**CMU Rules** means all requirements of the CMU Service for the time being applicable to a CMU Member and includes (a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU Service and the CMU Manual; (b) all the operating procedures as set out in the CMU Manual for the time being in force in so far as such procedures are applicable to a CMU Member; and (c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual;

**HKMA** means the Hong Kong Monetary Authority, the government authority in Hong Kong with responsibility for maintaining currency and banking stability, or any lawful successor thereto; and

**Hong Kong** means the Hong Kong Special Administrative Region of the People’s Republic of China.

## **2. Status of the Notes**

### **(a) In the case of Unsubordinated Notes.**

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

### **(b) In the case of Subordinated Notes.**

#### **(i) General**

Subordinated Notes comprise Ordinary Subordinated Notes and Deeply Subordinated Notes (each as described below), each of which may have a specified maturity date (**Dated Subordinated Notes**) or may not have a specified maturity date (**Undated Subordinated Notes**).

#### **(ii) Ordinary Subordinated Notes**

Ordinary Subordinated Notes constitute unsecured subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and *pari passu* with any other Ordinary Subordinated Notes issued by, or other unsecured, ordinary subordinated obligations of, the Issuer, but in priority to the *prêts participatifs* granted to the Issuer, the *titres participatifs* issued by the Issuer and any Deeply Subordinated Notes issued by, or other unsecured deeply subordinated obligations of, the Issuer.

(iii) Deeply Subordinated Notes

Deeply Subordinated Notes constitute unsecured subordinated obligations of the Issuer, issued pursuant to the provisions of article L.228-97 of the French *Code de Commerce*, as amended by law n°2003-706 on financial security dated 1 August 2003, and rank *pari passu* without any preference among themselves and (a) *pari passu* with any other Deeply Subordinated Notes issued by, or other unsecured, deeply subordinated obligations of, the Issuer which rank, or are expressed to rank, *pari passu* therewith, (b) in priority to any Deeply Subordinated Notes issued by, or other unsecured, deeply subordinated obligations of, the Issuer which rank, or are expressed to rank, junior thereto, and (c) subordinate to any Ordinary Subordinated Notes issued by, or other unsecured ordinary subordinated obligations of, the Issuer, the *prêts participatifs* granted to the Issuer and the *titres participatifs* issued by the Issuer (including any Deeply Subordinated Notes issued by, or other deeply subordinated obligations of, the Issuer which are, or are expressed to rank, in priority thereto).

(iv) Payments on Subordinated Notes in the event of the liquidation of the Issuer

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the holders of Subordinated Notes shall be subordinated to the payment in full of unsubordinated creditors (including holders of Unsubordinated Notes) and, subject to such payment in full, (a) the holders of Ordinary Subordinated Notes and any other ordinary subordinated creditors of the Issuer shall be paid in priority to any *prêts participatifs* granted to the Issuer, any *titres participatifs* issued by it and any Deeply Subordinated Notes issued by, or other unsecured, deeply subordinated obligations of, it and (b) the holders of Deeply Subordinated Notes, and any other unsecured, deeply subordinated creditors of the Issuer, shall (subject to any order of ranking existing or expressed to exist amongst them) be paid after the lenders in relation to any *prêts participatifs* granted to the Issuer and the holders of any *titres participatifs* issued by the Issuer (subject to such payments in full). In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Subordinated Notes will be terminated. The holders of Subordinated Notes shall take all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation.

(v) Interest relating to Dated Subordinated Notes

Unless otherwise specified in the applicable Final Terms, in the case of Dated Subordinated Notes, payments of interest constitute obligations which rank equally with the obligations of the Issuer in respect of Unsubordinated Notes issued by the Issuer in accordance with Condition 2(a).

In the case of Dated Subordinated Notes, the payment of interest may be deferred in accordance with the provisions of Condition 4(f) of the terms and conditions of the relevant Notes as specified in the applicable Final Terms.

(vi) Interest relating to Undated Subordinated Notes

In the case of Undated Subordinated Notes, the payment of interest may be deferred in accordance with the provisions of Condition 4(f) of the terms and conditions of the relevant Notes as specified in the applicable Final Terms.

The use of the proceeds of issues of Undated Subordinated Notes will be set out in the applicable Final Terms.

(vii) Interest and Principal relating to Deeply Subordinated Notes

In the case of Deeply Subordinated Notes, the payment of interest may be deferred and accrued interest and/or principal may be subject to other events or conditions as provided in the applicable Final Terms.

Where necessary the above provisions will be supplemented in the applicable Final Terms.]

### 3. Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Agency Agreement), the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined below) will, create or permit to subsist any mortgage, lien, charge, pledge or other form of security interest (*sûreté réelle*) (each, a **Security Interest**), other than a Permitted Security Interest, upon any of their respective assets or income, present or future, to secure any Relevant Debt (as defined below) or any guarantee or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Notes are equally and rateably secured therewith.

For the purposes of this Condition:

- (i) **Principal Subsidiary** means at any relevant time a Subsidiary of the Issuer:
  - (a) whose contribution to the consolidated current operating income is equal to or above 5 per cent. of the total consolidated current operating income of the Issuer, all as calculated by reference to the then latest audited accounts (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated subsidiaries; or
  - (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.
- (ii) **Relevant Debt** means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*), notes or other securities (including *titres de créances négociables*) which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.
- (iii) **Subsidiary** means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) as defined in Article L.233-1 of the French *Code de Commerce* or any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L. 233-3 of the French *Code de Commerce*.
- (iv) **Permitted Security Interest** means:
  - (a) any Security Interest arising solely by operation of law and/or in the ordinary course of business; or
  - (b) any Security Interest existing over any assets or income of any company which is acquired by the Issuer, or a Principal Subsidiary, as the case may be, after the date of Issue of the Notes and where such Security Interest was created prior to the date of such acquisition, provided that such Security Interest was not created in contemplation of such acquisition and the amount thereby secured has not been increased in contemplation of, or since the date of, such acquisition; or
  - (c) any Security Interest in respect of Relevant Debt of a subsidiary of the Issuer that subsequent to the creation of such Security Interest becomes a Principal Subsidiary; or
  - (d) any Security Interest created by any Subsidiary prior to it becoming a Principal Subsidiary provided that the principal amount secured has not increased in contemplation of that company becoming a Principal Subsidiary; or
  - (e) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security Interest referred to in any of the foregoing paragraphs or of any Relevant Debt secured thereby; or
  - (f) any one or several Security Interest(s) not falling within (a) to (e) above and securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of any Security Interest(s) given by the Issuer or any of its Principal Subsidiaries other than any permitted under sub-paragraphs (a) to (e) above) does not exceed €300,000,000 or its equivalent in any other currency.

This Condition 3 does not apply in respect of Subordinated Notes.

#### 4. Interest

##### (a) Interest on Fixed Rate Notes

Subject, in the case of Subordinated Notes, to any other provisions contained in these Terms and Conditions, each Fixed Rate Note bears interest on its outstanding nominal from (and including) the Interest

Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

The amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention, and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

In these Conditions, **Fixed Day Count Fraction** means:

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if **30/360** is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; and

Unless specified otherwise in the applicable Final Terms, the “Following Business Day Convention” will apply to the payment of all Fixed Rate Notes, meaning that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 4(b)(i) below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due. If the “Modified Following Business Day Convention” is specified in the applicable Final Terms for any Fixed Rate Note, it shall mean that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 4(b)(i) below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due unless it would thereby fall into the next calendar month in which event the full amount of payment shall be made on the immediately preceding Business Day as if made on the day such payment was due. Unless specified otherwise in the applicable Final Terms, the amount of interest due shall not be changed if payment is made on a day other than an Interest Payment Date or the Maturity Date as a result of the application of a Business Day Convention specified above or other Business Day Convention specified in the applicable Final Terms.

In these Conditions:

**Calculation Amount** means the amount specified as such in the applicable Final Terms or, if none is so specified, the Specified Denomination;

**Determination Date** means the date specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Date;

**Determination Period** means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the relevant Final Terms;

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

**(b) Interest on Floating Rate Notes**

**(i) Interest Payment Dates**

Subject as aforesaid in the case of Subordinated Notes, Floating Rate Notes bear interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an **Interest Payment Date**) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4 (b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Business Centre specified in the applicable Final Terms; and

- (B) either (1) in relation to any sum payable in a Specified Currency other than euro or RMB, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which TARGET2 is open. In these Conditions, **TARGET2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November, 2007 or (3) in relation to any sum payable in RMB, , a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the RMB Settlement Centres(s).

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), (i) **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions, (ii) the definition of **Banking Day** in the ISDA Definitions shall be amended to insert after the words “are open for” in the second line the word “general” and (iii) **Euro-zone** means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

*Investors should consult the Issuer should they require a copy of the ISDA Definitions.*

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.



- (C) If the Relevant Screen Page is not available or if, in the case of (B)(1) above, no such offered quotation appears or, in the case of (B)(2), fewer than three such offered quotations appear, in each case as at the time specified in (B) above the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.
- (D) If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).
- (E) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the Floating Rate Notes is specified as being the EUR CMS, the Rate of Interest for each Interest Period will, subject as provided below, be the offered quotation (expressed as a percentage rate per annum) for EUR CMS relating to the relevant maturity (the relevant maturity year mid swap rate in EUR (annual 30/360)), which appeared on the Relevant Screen Page, being Reuters page "ISDAFIX2" under the heading "EURIBOR Basis", as at 11.00 a.m. Frankfurt time, in the case of the EUR-ISDA-EURIBOR Swap Rate 11:00 on the relevant Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent

Notwithstanding anything to the contrary in this Condition 5, in the event that the EUR CMS does not appear on the Relevant Screen Page, the Calculation Agent shall determine, on the relevant Interest Determination Date the applicable rate based on quotations of five Reference Banks (to be selected by the Calculation Agent and the Issuer) for EUR CMS relating to the relevant maturity (in each case the relevant mid-market annual swap rate commencing two TARGET2 Business Days following the relevant Interest Determination Date). The highest and lowest (or, in the event of equality, one of the highest and/or lowest) quotations so determined shall be disregarded by the Calculation Agent for the purpose of determining the Reference Rate which will be the arithmetic mean (rounded if necessary to five significant figures with halves being rounded up) of such provided quotations.

If for any reason the EUR CMS is no longer published or if fewer than three quotations are provided to the Calculation Agent in accordance with the above paragraph, it will be determined by the Calculation Agent in its sole discretion, acting in good faith and in commercial and reasonable manner.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Floating Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention, and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

**Floating Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:

- (a) if “**Actual/365**” or “**Actual/Actual**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (d) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

- (e) if “**30E**

**/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in

the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

(v) **Notification of Rate of Interest and Interest Amounts**

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given in accordance with Condition 13.

(d) **Deferral of interest**

In the case of Subordinated Notes, interest shall be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the interest period ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects) the interest accrued in the interest period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment. Notice of any Optional Interest Payment Date shall (for so long as the rules of the Luxembourg Stock Exchange so require) be given to the Noteholders

in accordance with Condition 13 and to the Luxembourg Stock Exchange. Such notice shall be given at least seven days prior to the relevant Optional Interest Payment Date(s). Any interest not paid on an Optional Interest Payment Date shall, so long as the same remains unpaid, constitute **Arrears of Interest** which term shall include interest on such unpaid interest as referred to below. Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Noteholders in accordance with Condition 13 but all Arrears of Interest on all Subordinated Notes outstanding shall become due in full on whichever is the earliest of:

- (i) the Interest Payment Date immediately following the date upon which the *Assemblée Générale* passed a resolution to pay a dividend on the ordinary share capital of the Issuer; and
- (ii) the commencement of a liquidation or dissolution of the Issuer.

If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged to do so upon the expiration of such notice. When Arrears of Interest are paid in part, each such payment shall be applied in or towards satisfaction of the full amount of the Arrears of Interest accrued in respect of the earliest interest period in respect of which Arrears of Interest have accrued and have not been paid in full. Arrears of interest shall (to the extent permitted by law) bear interest accruing and compounding on the basis of the exact number of days which have elapsed at the prevailing rate of interest on the Subordinated Notes in respect of each relevant interest period. For these purposes the following expressions have the following meanings:

**Compulsory Interest Payment Date** means any Interest Payment Date unless at the *Assemblée Générale* immediately preceding such date which was required to approve the annual accounts of the Issuer for the fiscal year ended prior to such *Assemblée Générale*, no resolution was passed to pay a dividend on the ordinary share capital of the Issuer in respect of such previous fiscal year.

**Optional Interest Payment Date** means any Interest Payment Date, as the case may be, other than a Compulsory Interest Payment Date.

## 5. Payments

### (a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro or RMB will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

Notwithstanding the foregoing, payments in respect of Notes denominated and payable in RMB will be made solely by transfer to a RMB bank account maintained in the RMB Settlement Centres(s) in accordance with prevailing rules and regulations.

### (b) Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due,

endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

**(c) Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

**(d) General Provisions Applicable to Payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg, or the CMU as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

**(e) Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) London;
  - (B) any Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro or RMB, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation (if presentation is required), London and any Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which TARGET2 is open or (3) in relation to any sum payable in RMB, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the RMB Settlement Centres(s).

**(f) Interpretation of Principal and Interest**

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

**(g) Payment of U.S. dollar Equivalent Amount**

In the event that the Calculation Agent determines, in its sole and absolute discretion, that a RMB Inconvertibility Event, RMB Non-Transferability Event or RMB Illiquidity Event has occurred or is likely to occur, or that Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control, and that such disruption event (a **RMB Disruption Event**) is material in relation to the Issuer's payment obligations under the Notes in respect of any forthcoming Interest Payment Date, Maturity Date or other date on which any amount in respect of the Notes shall be due and payable (each such date, an **Affected Payment Date**), then the Calculation Agent shall notify Noteholders as soon as practicable of the occurrence of such RMB Disruption Event in accordance with Condition 13.

Notwithstanding any other provisions in these Conditions, if a RMB Disruption Event has occurred, as determined in accordance with the above paragraph, the Issuer shall, upon giving notice prior to the relevant Affected Payment Date to the Noteholders in accordance with Condition 13, make payment of the U.S. dollar Equivalent Amount of the relevant Interest Amount, Final Redemption Amount or such other amount payable (if applicable) on the relevant Affected Payment Date. Any such payment made by the Issuer on an Affected Payment Date shall be in full and final settlement of its obligations to pay such amount in respect of the Notes.

For these purposes:

**impossible** or **impossibility** in relation to a RMB Inconvertibility Event, RMB Non-Transferability Event or RMB Illiquidity Event, shall include (but shall not be limited to) any act which, if done or performed by the Issuer (or any affiliate of the Issuer) would be or result in the breach of any applicable law, rule, or regulation;

**impractical or impracticability** means, in relation to a RMB Inconvertibility Event, RMB Non-Transferability Event or RMB Illiquidity Event and in respect of any action to be taken by the Issuer, that the Issuer (or any of its affiliates) would incur a materially increased amount of taxes, duties, expenses or fees (as compared with circumstances existing on the Issue Date) to perform such action;

**RMB** means Chinese Yuan or Renminbi, the lawful currency of the People's Republic of China (including any lawful successor currency to the RMB);

**RMB Governmental Authority** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the People's Republic of China, Hong Kong and any other RMB Settlement Centre(s);

**RMB Inconvertibility Event** means an event which makes it impossible (where it had previously been possible) or impractical for the Issuer to convert any amounts due and payable in RMB under the Notes in the general RMB foreign exchange market in the relevant RMB Settlement Centre(s), except where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any RMB Governmental Authority (unless such law, rule or regulation is enacted after the relevant Issue Date, and it is impossible or impractical for the Issuer, due to events beyond its control, to comply with such law, rule or regulation). For the avoidance of doubt, the inability of the Issuer to convert RMB solely due to issues relating to its creditworthiness shall not constitute a RMB Inconvertibility Event;

**RMB Non-Transferability Event** means an event that makes it impossible (where it had previously been possible) or impractical for the Issuer to deliver (i) RMB between accounts inside the relevant RMB Settlement Centre(s), or (ii) from an account inside the relevant RMB Settlement Centre(s) to an account outside the relevant RMB Settlement Centre(s) (including, if applicable, to another RMB Settlement Centre) and outside Mainland China, or (iii) from an account outside the relevant RMB Settlement Centre(s) (including, if applicable, from an account inside another RMB Settlement Centre) and outside Mainland China to an account inside the relevant RMB Settlement Centre(s), except where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any RMB Governmental Authority (unless such law, rule or regulation is enacted after the relevant Issue Date, and it is impossible or impractical for the Issuer, due to events beyond its control, to comply with such law, rule or regulation). For the purposes of determining whether a RMB Non-Transferability Event has occurred only, a segregated RMB fiduciary cash account with the People's Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong;

**RMB Illiquidity Event** means an event that makes it impossible (where it had previously been possible) or impractical for the Issuer to obtain a firm quote of an offer price in respect of any amounts due and payable in RMB under the Notes (either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such amount) in the general RMB foreign exchange market in the relevant RMB Settlement Centre(s) in order to perform its obligations under the Notes. For the avoidance of doubt, the inability of the Issuer to obtain such firm quote solely due to issues relating to its creditworthiness shall not constitute a RMB Illiquidity Event;

**RMB Settlement Centre** means the financial centre(s) specified as such in the applicable Final Terms in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Final Terms, the RMB Settlement Centre shall be deemed to be Hong Kong;

**U.S. dollar Equivalent Amount** means, following the occurrence of a RMB Disruption Event and in respect of the relevant Interest Amount, Final Redemption Amount or such other amount payable (if applicable) on the relevant Affected Payment Date (for these purposes, the **Relevant RMB Amount**), an amount in U.S. dollar determined by the Calculation Agent (in its sole and absolute discretion), by converting the Relevant RMB Amount into U.S. dollars using the U.S. dollar Equivalent Amount Settlement Price for the relevant Affected Payment Date;

**U.S. dollar Equivalent Amount Settlement Price** means, in respect of any relevant day, the spot rate of exchange between RMB and U.S. dollars on such day, appearing on the U.S. dollar Equivalent Amount Settlement Price Source at the U.S. dollar Equivalent Amount Settlement Valuation Time on such day (expressed as a number of units (or part units) of RMB for which one unit of U.S. dollar can be exchanged), or if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer RMB/U.S. dollar exchange rates provided by two or more leading dealers on a foreign exchange market (as selected by the Calculation Agent) at the U.S. dollar Equivalent Amount Settlement Valuation Time on such day. If less than two leading dealers provide the Calculation Agent with bid and offer RMB/U.S. dollar exchange rates on

such day, the Calculation Agent shall determine the U.S. dollar Equivalent Amount Settlement Price in its discretion;

**U.S. dollar Equivalent Amount Settlement Price Source** means the price source specified in the applicable Final Terms; and

**U.S. dollar Equivalent Amount Settlement Valuation Time** means, unless otherwise specified in the applicable Final Terms, the time at which the U.S. dollar Equivalent Amount Settlement Price Source publishes the U.S. dollar Equivalent Amount Settlement Price.

## **6. Redemption and Purchase**

### **(a) Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### **(b) Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Republic of France or any political subdivision of, or any authority in, or of, the Republic of France having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment without withholding for French taxes.

If the Issuer would on the occasion of the next payment due under the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Agent and the Issuer shall forthwith redeem all, but not some only, of the Notes then outstanding, upon giving not less than 7 nor more than 30 days' irrevocable notice to the Noteholders, provided that the due date for redemption of which notice hereunder shall be given, shall be the latest practicable date on which the Issuer could make payment without withholding for French taxes, or if such date is past, as soon as practicable thereafter.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **(c) Redemption at the option of the Issuer (Issuer Call)**

If Call Option is specified as applicable in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and

- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount at least equal to the Minimum Redemption Amount but not more than the Maximum Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be given in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the



aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

**(d) Redemption at the option of the Noteholders (Investor Put)**

If Put Option is specified as applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note, the holder of this Note must, if this Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg and the CMU, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or the CMU, to exercise the right to require redemption of this Note, the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or the CMU, as the case may be (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, or any common depository for them to the Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

In the case of Subordinated Notes, there will be no redemption at the option of the Noteholders.

**(e) Early Redemption Amounts**

For the purpose of paragraph (b) above and Condition 9, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) equal to the sum of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or on such other

calculation basis as may be specified in the applicable Final Terms.

**(f) Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

**(g) Make-Whole Redemption by the Issuer**

If so specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 13 to the Noteholders (or such notice period as may be specified in the relevant Final Terms) redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date (the **Optional Redemption Date**). The Optional Redemption Amount will be calculated by the Calculation Agent and will be the greater of (x) 100 per cent. of the nominal amount of the Notes so redeemed and, (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (not including any interest accrued on the Notes to, but excluding, the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Redemption Rate (as specified in the relevant Final Terms) plus a Redemption Margin (as specified in the relevant Final Terms), plus in each case (x) or (y) above, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

In the case of a partial redemption, the relevant provisions of Condition 6(c) shall apply *mutatis mutandis* to this Condition 6(g).

**(h) Purchases**

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Unless the possibility of holding and reselling is expressly excluded in the Final Terms, all Notes so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations.

**(i) Cancellation**

All Notes which are redeemed may, in accordance with applicable laws and regulations, be surrendered for cancellation (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and surrendered for cancellation pursuant to this paragraph (i) and paragraph (h) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

**(j) Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

**7. Taxation**

**(a) Tax Exemption**

All payments of principal, interest and other income by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France

or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

**(b) Additional Amounts**

If French law should require that any payments in respect of the Notes, Receipts or Coupons be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges whatsoever imposed or levied by or on behalf of the Republic of France or any political subdivision of, or any authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such deduction or withholding shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder (including a beneficial owner (*ayant droit*)) who is liable for such taxes, duties, assessments or other governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of (or beneficial ownership with respect to) such Note, Receipt or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any subsequent meeting of the Council of the European Union on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives; or
- (iv) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the **Relevant Date** in relation to any Note means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

Any reference in these Terms and Conditions to principal or interest or both in respect of the Notes shall be deemed to include (i) a reference to any additional amounts which may be payable under this Condition, (ii) in relation to Zero Coupon Notes, the Amortised Face Amount, (iii) in relation to Instalment Notes, the Instalment Amount, and (iv) any premium and any other amounts which may be payable in respect of the Notes.

**8. Prescription**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

**9. Events of Default**

If any of the following events (each an **Event of Default**) occurs:

- (a) any amount of principal of, or interest on, the Notes is not paid on the due date thereof and such default is not remedied within a period of 15 days from such due date; or
- (b) any other obligation of the Issuer under the Notes is not complied with or performed within a period of 30 days after written notice by a Noteholder on the Issuer at the specified office of the Agent requiring the same to be remedied; or

- (c) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for borrowed monies in excess of €100,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, is made due and payable prior to its stated maturity as a result of a default thereunder, or if any such indebtedness shall not be paid when due or, as the case may be, within any applicable grace period therefor or any steps shall be taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer or any of its Principal Subsidiaries for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon, in each case unless the Issuer or the relevant Principal Subsidiary is contesting in good faith through appropriate proceedings its liability to make payment thereunder; or
- (d) if the Issuer or any of its Principal Subsidiaries makes any proposal for a general moratorium in relation to its debt or applies for the appointment of a conciliator (*conciliateur*) or enters into an amicable settlement (*accord amiable*) with its creditors or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Principal Subsidiaries or, to the extent permitted by applicable law, if the Issuer or any of its Principal Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
- (e) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent and/or the Paying Agent in Paris and/or the Paying Agent in Luxembourg, effective upon the date of receipt thereof by the Agent, declare such Notes to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 6(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind unless such Event of Default shall have been remedied prior to the receipt of such notice by any such Paying Agent.

For the purposes of this Condition **Principal Subsidiary** shall have the meaning given to it in Condition 3.

This Condition 9 shall not apply to Subordinated Notes, with the exception of Condition 9(d) which shall apply in respect of the Issuer only.

## **10. Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent or the Paying Agent in Luxembourg upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **11. Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be an Agent; and
- (ii) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange; and
- (iii) the Issuer will ensure that it maintains a Paying Agent with a specified office in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the EC Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

In addition, (i) the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d) and (ii) so long as any Notes are cleared through CMU, there will at all times be appointed a CMU lodging agent or paying agent with a specified office in such place as required by the CMU. Any variation, termination, appointment or change shall only take effect (other than in

the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **12. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

## **13. Notices**

All notices regarding the Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London, and (ii) if and for so long as the Notes are listed on the Regulated Market of the Luxembourg Stock Exchange (so long as the rules of that exchange require), a daily newspaper of general circulation in Luxembourg and/or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). It is expected that such publication will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on the Luxembourg Stock Exchange such notice will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and for so long as any Notes are listed on any other stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Until such time as any definitive Notes are issued, there may, so long as any Global Note representing the Notes is held in their entirety on behalf of CMU, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the CMU Lodging Agent for communication by it to the CMU participants or to the persons shown in a CMU Instrument Position Report issued by the CMU on the Business Day preceding the date of dispatch of such notice as holding interests in the Global Note and, in addition, for so long as any Notes are listed on the Luxembourg Stock Exchange such notice will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and for so long as any Notes are listed on any other stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to the CMU Lodging Agent.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose. Whilst any of the Notes are represented by a Global Note held in their entirety on behalf of CMU, such notice may be given by any holder of a Note to the CMU Lodging Agent in such manner as the CMU Lodging Agent may approve for this purpose.

## **14. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

## **15. Further Issues and Consolidation**

- (i) The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.
- (ii) The Issuer may also from time to time, without the consent of the Noteholders, on giving not less than 30 days' prior notice to the Noteholders, consolidate Notes denominated or redenominated in Euros with one or more issues of other notes (*Other Notes*) issued by it and denominated in the currency of any of the member States of the European Union provided that such Other Notes are denominated in, or have been redenominated into euro and otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

In the event of any such consolidation, the Issuer may, without the consent of the Noteholders, provide for additional, and/or substitute denominations of such Notes.

Notice of any such consolidation and/or provision of additional or substitute denominations will be given to the Noteholders in accordance with Condition 13.

## **16. Change of Control**

- (a) If the Change of Control Put Option is specified in the relevant Final Terms, subject to this Condition 16, if a Change of Control occurs and within the Change of Control Period a Rating Downgrade occurs, the holder of each Note will have the right to require the Issuer to redeem, purchase or procure the purchase of (as determined in the Issuer's discretion) that Note (the *Put Option*) at the principal amount outstanding of such Note together with accrued interest to but excluding the Optional Redemption Date (the *Optional Redemption Price*).

A *Change of Control* shall be deemed to have occurred at any time that any person or persons acting in concert, or any person or persons acting on behalf of any such person or persons, at any time directly or indirectly come(s) to legally or beneficially hold more than 50 per cent of the share capital of the Issuer or more than 50 per cent of the voting rights attaching to the share capital of the Issuer.

**Change of Control Period** means the period commencing on the date of the first public announcement of the relevant Change of Control and ending on the date which is 180 days thereafter.

**Rating Agency** means Standard & Poor's Rating Services, Moody's Investor Services and/or any other rating agency of equivalent international standing requested from time to time by the Issuer to grant a rating to the Notes. Standard and Poor's Rating Services and Moody's Investor Services are established in the European Union and have applied to be registered under Regulation (EC) n° 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

**Rating Downgrade** means, if at the start of the Change of Control Period the Notes are rated by any Rating Agency, circumstances where the corporate credit previously assigned to the Notes by any Rating Agency is (i) withdrawn, (ii) changed from an investment grade rating (BBB-/Baa3 or better) to a non-investment grade rating (BB+/Ba1 or worse) or (iii) if the rating previously assigned to the Notes was below an investment grade rating, lowered by at least one full rating notch provided that in each such case the relevant Rating Agency publicly announces that any such withdrawal or reduction is directly linked to such Change of Control.

- (b) Promptly upon the Issuer becoming aware that a Rating Downgrade following a Change of Control has occurred, the Issuer shall give notice to the Noteholders in accordance with Condition 13 specifying the nature of the Change of Control, the circumstances giving rise to the Rating Downgrade and the procedure for exercising the Put Option.
- (c) To exercise a Put Option a Noteholder must within 45 days after the day on which the Issuer has given notice to the Noteholders in accordance with paragraph (b) (the **Put Period**):
  - (i) if the Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg and the CMU, deposit a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition together with the Note or evidence satisfactory to the Paying Agent concerned that such Note will, following delivery of the Put Notice, be held to its order or under its control; and
  - (ii) if the Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or the CMU, give notice to the Paying Agent or the CMU Lodging Agent, as the case may be, of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or the CMU, as the case may be (which may include notice being given on its instruction by Euroclear, Clearstream, Luxembourg or the CMU Lodging Agent, as the case may be, or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, from time to time and, if the Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent or the CMU Lodging Agent, as the case may be, for notation accordingly.
- (d) Subject to:
  - (i) the valid exercise of a Put Option with respect to a Note in accordance with paragraph (c);
  - (ii) the Issuer's compliance with all applicable law; and
  - (iii) the Issuer not otherwise redeeming the relevant Note pursuant to Condition 6 (*Redemption and Purchase*),

on the fifth Business Day following the end of the Put Period (the **Optional Redemption Date**) the Issuer shall redeem, purchase or procure the purchase of (as determined in the Issuer's discretion) such Note by paying to the Noteholder the Option Redemption Price with respect to such Note. The provisions of Condition 5(a) (*Method of Payments*) shall apply, *mutadis mutandis*, to such payments.

- (e) For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

## 17. **Contracts (Rights of Third Parties) Act 1999**

The Notes shall not confer any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **18. Governing Law and Submission to Jurisdiction**

### **(a) Governing law**

The Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons, and any non-contractual obligations arising out of or in relation to the Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons, are governed by, and shall be construed in accordance with, English law other than Condition 2(b) which, if applicable, is governed by, and shall be construed in accordance with, French law.

### **(b) Submission to jurisdiction**

The Issuer agrees, for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with (i) the Notes, the Receipts and the Coupons, and (ii) any non-contractual obligations arising out of or in connection with the Notes, the Receipts and the Coupons, may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

### **(c) Appointment of Process Agent**

The Issuer appoints Lafarge Building Materials Limited at its registered office at Regent House, Station Approach, Dorking, Surrey, United Kingdom, RH4 1TH as its agent for service of process, and undertakes that, in the event of Lafarge Building Materials Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### **(d) Other documents**

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.



## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially represented by a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms a permanent global note (a **Permanent Global Note**) and, together with the Temporary Global Note, a **Global Note** which will be delivered on or prior to the original issue date of the Tranche (i) in the case of a Tranche of Notes to be cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below), to a common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**) (ii) in the case of a Tranche of Notes intended to be cleared through Euroclear France, with Euroclear France acting as central depositary, (iii) in the case of a Tranche of Notes to be cleared through the CMU, to a sub-custodian nominated by the HKMA as operator of the CMU and (iv) in the case of a Tranche of Notes intended to be cleared through a clearing system other than or in addition to Euroclear, Clearstream, Luxembourg, Euroclear France and the CMU or delivered outside a clearing system, to be deposited as agreed between the Issuer and the relevant Dealer(s). Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg or the CMU Lodging Agent and Euroclear and/or Clearstream, Luxembourg or the CMU Lodging Agent, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is the later of (i) 40 days after the Temporary Global Note is issued and (ii) 40 days after the completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue) (the **Distribution Compliance Period**), interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused. Notwithstanding the foregoing, if the Temporary Global Note is held by or on behalf of the HKMA as operator of the CMU, the CMU may require that exchange for interests in the Permanent Global Note is made in whole but not in part and, in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) have been so certified.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg or the CMU, as the case may be, against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification. The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg (in the case of Notes cleared through Euroclear and Clearstream, Luxembourg) or the CMU (in the case of Notes cleared through the CMU) have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available or (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7 which would not be required were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in a Permanent Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg) or the CMU Lodging Agent (acting on the instructions of any holder of an interest in a Permanent Global Note held on behalf of the CMU) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent or the CMU Lodging Agent, as the case may be, requesting exchange. Any such exchange shall

occur not later than 60 days after the date of receipt of the first relevant notice by the Agent or, in the event of the occurrence of a notice given by the Issuer in the event of the occurrence of an Exchange Event as described in (iii) above, by the Agent or the CMU Lodging Agent, as the case may be.

The following legend will appear on all Notes which have an original maturity of 365 days or more and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or the CMU, as the case may be.

Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes”), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN or CMU instrument number, as the case may be, which are different from the common code and ISIN or CMU instrument number, as the case may be, assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, unless within the period of seven days commencing on the relevant due date payment in full of the amount due in respect of the Global Note is received by the bearer in accordance with the provisions of the Global Note, the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg or the CMU, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg or the CMU Lodging Agent on and subject to the terms of an amended and restated deed of covenant (the *Deed of Covenant*) dated 27 May 2014, executed by the Issuer.

## PRC CURRENCY CONTROLS

*The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Base Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.*

The RMB is not a freely convertible currency. The remittance of RMB into and outside the PRC is subject to controls imposed under PRC law.

### Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which RMB may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated pilot cities in the PRC being Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010 and August 2011 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades and the Circular on expanding the Regions of Cross-Border Trade Renminbi Settlement, with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot RMB settlement scheme for cross-border trades, pursuant to which (i) RMB settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces and cities in the PRC, and (iii) the restriction on designated offshore jurisdictions was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use RMB to settle any current account items between them (except that RMB remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC).

On 3 February 2012, PBOC and five other PRC Authorities (the **Six Authorities**) jointly issued the Notice on Matters Relevant to the Administration of Enterprises Engaged in RMB Settlement of Export Trade in Goods (the **2012 Circular**). Under the 2012 Circular, any enterprise qualified for the export and import business is permitted to use RMB as settlement currency for exports, provided that the relevant provincial government has submitted to the Six Authorities a list of key enterprises subject to supervision and the Six Authorities have verified and signed off on such list. On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a list of 9,502 exporting enterprises subject to supervision and as a result any enterprise qualified for the export and import business is permitted to use RMB as settlement currency for exports.

As new regulations, these circulars will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of RMB for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules. Local authorities may adopt different practices in applying these circulars and impose conditions for the settlement of current account items.

### Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to the approval of the relevant PRC authorities.

Prior to October 2011, settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were generally required to make any capital contribution to foreign invested companies in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or any other relevant PRC parties were also generally required to make capital account item payments including proceeds from liquidation, transfer of shares and reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities could approve a foreign entity to make a capital contribution or a shareholder's loan to a foreign

invested enterprise with RMB lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in RMB on a trial basis. The foreign invested enterprise could also be required to complete registration and verification process with the relevant PRC authorities before such RMB remittances.

On 25 February 2011, the Ministry of Commerce of the PRC (**MOFCOM**) promulgated the Circular on Issues concerning Foreign Investment Management (the **MOFCOM Circular**), which provides that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with RMB that is generated from cross-border trade settlement that is lawfully obtained outside the PRC, such investments need to be approved by MOFCOM.

On 7 April 2011, the State Administration of Foreign Exchange (**SAFE**) promulgated the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-Border Capital Account Items (the **SAFE Circular**), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border RMB (including RMB inside and outside the PRC held in the capital accounts of non PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent from the MOFCOM to the relevant local branches of SAFE of such onshore enterprise and register or change of register for foreign invested enterprise status. Further, the SAFE Circular provides that borrowing by an onshore entity (including a financial institution) of RMB loans from an offshore entity shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in RMB shall in principle follow the current regulations on the provision of external guarantees in foreign currencies.

On 3 June 2011, PBOC issued the Notice on Relevant Issues Clarifying the Cross-Border RMB Business (the **PBOC Notice**), which provided that the pilot programme of foreign direct investment in RMB would be launched on a case by case basis, and approval by the PBOC is required for foreign direct investment in RMB. For industries under restrictions or strictly regulated by the PRC government, foreign direct investment in RMB is prohibited.

On 12 October 2011, MOFCOM promulgated the Circular on Issues in relation to Cross-border RMB Foreign Direct Investment (the **New MOFCOM Circular**), which supersedes the previous MOFCOM Circular. In accordance with the New MOFCOM Circular, MOFCOM's prior written consent, which was previously required under the MOFCOM Circular, is no longer required for RMB foreign direct investment (**RMB FDI**), and MOFCOM and its local counterparts are authorised to approve RMB FDI in accordance with existing PRC laws and regulations on foreign investment, with the following exceptions which require the preliminary approval by the provincial counterpart of MOFCOM and then the consent of MOFCOM: (i) RMB FDI with a capital contribution in RMB of RMB300 million or more; (ii) RMB FDI in financing guarantee, financing lease, micro financing or auction industries; (iii) RMB FDI in foreign-invested investment companies, venture capital or equity investment enterprises; or (iv) RMB FDI in cement, iron and steel, electrolytic aluminium, shipbuilding or other policy sensitive sectors. In addition, RMB FDI in real estate sector is permitted following the existing rules and regulations of foreign investment in real estate, although RMB foreign debt remains unavailable to foreign invested real estate enterprises. The proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic-listed companies through private placements or share transfers by agreement.

On 13 October 2011, PBOC issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (the **PBOC Measures**). The PBOC Measures set out operating procedures for PRC banks to handle RMB settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore RMB loans, pursuant to which, PBOC special approval for RMB FDI and shareholder loans which is required by the PBOC Notice is no longer necessary and the new rules replace the PBOC approval requirement with less onerous post-event registration and filing requirements. The PBOC Measures provide that, among other things, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining business licenses for the purpose of RMB settlement; a foreign investor is allowed to open a RMB expense account to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the RMB capital account of such foreign invested enterprise and when it is established; commercial banks can remit a foreign investor's RMB proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of PRC after reviewing certain requisite documents; the foreign investor may open a RMB re-investment account to pool the RMB proceeds if it intends to use the RMB proceeds from distribution (dividends or otherwise) to reinvest on shore or increase the registered capital of the PRC subsidiaries; and the PRC parties selling a stake in domestic enterprises to foreign investors can open RMB accounts and receive the purchase price in RMB paid by foreign investors by submitting certain documents as required to the commercial banks. The PBOC Measures

also state that the foreign debt quota of a foreign invested enterprise applies to both its RMB debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a RMB account to receive its RMB proceeds borrowed offshore by submitting the RMB loan contract and the letter of payment order to the commercial bank and make repayments of principal interest on such debt in RMB by submitting certain documents as required to the commercial bank.

On 24 June 2012, PBOC promulgated the Notice on Clarifying the Detailed Operating Rules for RMB Settlement of Foreign Direct Investment (the ***PBOC FDI Notice***) to provide further guidelines for implementing the previous PBOC Measures. This PBOC FDI Notice details the rules for opening and operating the relevant accounts and reiterates the restrictions upon the use of the funds within those accounts as specified in the New MOFCOM Circular.

As the MOFCOM Circular, the SAFE Circular, the PBOC Notice, the New MOFCOM Circular and the PBOC Measures as well as the PBOC FDI Notice are relatively new circulars, they will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in RMB will continue to be granted or will not be revoked in the future.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of RMB for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes including the refinancing of its existing indebtedness or as may be otherwise disclosed in the Final Terms.

**FORM OF FINAL TERMS IN CONNECTION WITH ISSUES OF NOTES WITH A  
DENOMINATION OF LESS THAN €100,000 (OR EQUIVALENT) TO BE ADMITTED TO  
TRADING ON AN EEA REGULATED MARKET AND/OR OFFERED TO THE PUBLIC ON A  
NON-EXEMPT BASIS IN THE EEA**

[Date]

**LAFARGE**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €12,000,000,000  
Euro Medium Term Note Programme

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated 27 May 2014 [and the supplement(s) to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus (for the purposes of article 5.4 of the Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in the Relevant Member State) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. However a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus [as so supplemented] is available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and copies may be obtained from Lafarge at 61 rue des Belles Feuilles, 75116 Paris, France.]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated [16 May 2013 / [23 April 2012] / [23 April 2010] / [14 April 2009] / [14 April 2008] / [12 June 2007] / [3 November 2005] [and the supplement(s) to the Base Prospectus dated [●]] which are incorporated by reference in the Base Prospectus dated 27 May 2014. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in the Relevant Member State) (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 27 May 2014 [as so supplemented], which [together] constitute[s] a base prospectus for the purposes of article 5.4 of the Directive 2003/71/EC, save in respect of the Conditions which are extracted from the Base Prospectus dated [16 May 2013 / [23 April 2012] / [23 April 2010] / [14 April 2009] / [14 April 2008] / [12 June 2007] / [3 November 2005] [and the supplement(s) to the Base Prospectus dated [●]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [●] [and the supplement(s) to the Base Prospectus dated [●] and [●]]. The Base Prospectus [as so supplemented] is available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and copies may be obtained from Lafarge at 61 rue des Belles Feuilles, 75116 Paris, France.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

- |    |       |  |  |
|----|-------|--|--|
| 1. | (i)   | Series Number:                           | [●]  |
|    | (ii)  | Tranche Number:                          | [●]  |
|    | (iii) | Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the <i>[insert Series number/maturity date/issue date of the relevant Series]</i> on <i>[insert date/the Issue Date/exchange of</i> |

the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [23] below [which is expected to occur on or about *[insert date]*]].]

2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount:
  - Tranche: [●]
  - Series: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●] (if applicable)]
5. (i) Specified Denominations: [●]  
(ii) Calculation Amount: [●] (If there is only one Specified Denomination, insert the Specified Denomination.  
*If there is more than one Specified Denomination insert the highest common factor of those Specified Denominations. N.B. there must be a common factor in the case of two or more Specified Denominations)*  
*[No Notes may be issued which have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency)]*
6. [(i)] Issue Date: [●]  
[(ii)] Interest Commencement Date: [Specify/Issue Date/Not Applicable]
7. Maturity Date: *[Fixed rate — specify date/ Floating rate — Specified Interest Payment Date falling in or nearest to [specify month and year]]*
8. Interest Basis: [[●] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate]  
[Zero Coupon]  
(further particulars specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[100]/[●] *[If the Notes are Zero Coupon Notes]*] per cent. of their nominal amount.
10. Change of Interest Basis: [Applicable/Not Applicable]  
*[Specify the date when any fixed to floating rate change occurs or refer to paragraphs 14 or 15 below and identify here]*
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Make-Whole Redemption by the Issuer]
12. (i) Status of the Notes: [Unsubordinated]/[[Dated/Undated][Ordinary Subordinated/Deeply Subordinated]]  
(ii) Date of [Board] approval for issuance of Notes obtained: [●]  
(N.B. only relevant where Board (or similar)



authorisation is required for the particular tranche of Notes)

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 13. Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable on each Interest Payment Date
  - (ii) Interest Payment Date(s): [●] in each year from and including [●], up to, and including the Maturity Date/[●] [adjusted in accordance with the [Following Business Day Convention]/[Modified Following Business Day Convention]/[●] [with the Additional Business Centres for the definition of “Business Day” being [●]] / [[not adjusted]]
  - (iii) Fixed Coupon Amount(s) *(RMB Notes only)*: [●] per [●] [in nominal amount] [per Calculation Amount] [Not Applicable]
  - (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment date falling [in/on] [●]
  - (v) Fixed Day Count Fraction: [30/360, Actual/Actual (ICMA/ISDA)]
  - (vi) Determination Date(s): [●] in each year
- [Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*
- (NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Party responsible for calculating Interest Amounts (if not the Calculation Agent) *(RMB Notes only)* [[●]/Not Applicable]
- 14. Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
  - (ii) Specified Interest Payment Dates: [ [●] [●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]
  - (iii) First Interest Payment Date: [●]
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
  - (v) Business Centre(s): [●]
  - (vi) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
  - (vii) Party responsible for calculating the Rate of Interest and Interest Amount (if

- not the Agent):
- (viii) Screen Rate Determination: [Applicable/Not Applicable]
    - Reference Rate: [●]
    - Relevant Financial Centre [●]
    - Interest Determination Date(s): [●]
    - Relevant Screen Page: [●]
  - (ix) ISDA Determination:
    - Floating Rate Option: [●]
    - Designated Maturity: [●]
    - Reset Date: [●]
  - (x) Margin(s): [ +/- ][●] per cent. per annum
  - (xi) Minimum Rate of Interest: [●] per cent. per annum
  - (xii) Maximum Rate of Interest: [●] per cent. per annum
  - (xiii) Day Count Fraction: [Actual/365]/[Actual/Actual]/[Actual/365 (Fixed)]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[360/360]/[30E/360][30E/Eurobond Basis]

#### 15. Zero Coupon Note Provisions

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]

### PROVISIONS RELATING TO REDEMPTION

#### 16. Call Option

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [●] per Calculation Amount
  - (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]

#### 17. Make-Whole Redemption by the Issuer

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Notice Period: [●]
- (ii) Redemption Date: [●]

- (iii) Redemption Margin: [•]
- (iv) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [•]/ [Not Applicable]
- 18. Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) Notice period: [•]
- 19. Final Redemption Amount of each Note** [•] per Calculation Amount
- 20. Early Redemption Amount**
- (i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default: [•]
- (ii) Redemption for taxation reasons permitted on days other than Specified Interest Payment Dates: [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption: [Yes/No/Not applicable]
- 21. Change of Control Put Option** [Applicable/Not Applicable]
- GENERAL PROVISIONS APPLICABLE TO THE NOTES**
- 22. Form of Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  
 [Temporary Global Note exchangeable for Definitive Notes on the Exchange Date.]  
*(In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes in accordance with this option, such notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination))*  
 [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- 23. Financial Centre(s) or other special provisions relating to Payment Dates:** [Not Applicable/give details]  
*(Note that this item relates to the date and place of payment and not interest period end dates to which items 15(v) relates)*
- 24. Talons for future Coupons or Receipts to be** [Yes/No.]

attached to Definitive Notes (and dates on which such Talons mature):

25. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Applicable / Not Applicable]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
26. Exclusion of the possibility to request identification information of the Noteholders as provided by Condition 1: [Applicable/Not applicable] *(If the possibility to request identification information of the Noteholders as provided by Condition 1 is not contemplated, delete this paragraph)*

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1.

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be [listed on the [official list of the Luxembourg Stock Exchange]][and] admitted to trading on [*specify relevant regulated market*] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange] with effect from [●].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

### 2. RATINGS

Ratings: [[The Notes to be issued [have been/ are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]] :

[S & P: [●]]

[Moody's: [●]]

[[Other]: [●]]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*(Include any appropriate Credit Rating Agency Regulation (1060/2009) disclosure)*

[[Insert credit rating agency] is established in the European Community and registered under Regulation (EC) No

1060/2009. As such [ insert credit rating agency] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[Insert credit rating agency] is established in the European Community and has applied for registration under Regulation (EC) No 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[Insert credit rating agency] is not established in the European Community and has not applied for registration under Regulation (EC) No 1060/2009.]

[[Insert credit rating agency] is not established in the European Community and has applied for registration under Regulation (EC) No 1060/2009.]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)

“Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged and may in the future engage in investment banking and/or commercial transactions with and may perform other services for the Issuer and/or its affiliates in the ordinary course of business.”

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

### **4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer:

[•]

*(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

[(ii)] Estimated net proceeds:

[•]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii)] Estimated total expenses:

[•] *[Include breakdown of expenses.]*

### **4. FIXED RATE NOTES ONLY – YIELD**

Indication of yield:

[•]

## 5. **FLOATING RATE NOTES ONLY – HISTORIC INTEREST RATES**

[Details of historic [LIBOR/EURIBOR/EUR CMS replicate other as specified in the Conditions] rates can be obtained from [Reuters].]

## 6. **OPERATIONAL INFORMATION**

ISIN Code: [●]  
Common Code: [●]  
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable /give name(s) and number(s)]  
Delivery: Delivery [against/free of] payment  
Names and addresses of additional Paying Agent(s): [●]

## 7. **DISTRIBUTION**

(i) Method of distribution: [Syndicated/Non-syndicated]  
(ii) If syndicated:  
(A) Names of Managers and underwriting commitments: [Not Applicable/give names]  
(B) Stabilising Manager(s) (if any): [Not Applicable/give names]  
(iii) If non-syndicated, name of Dealer: [Not Applicable/give name]  
(iv) US Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable]  
(v) Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount  
(vi) Non-exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [●]] other than pursuant to Article 3(2) of the Prospectus Directive in [Austria]/[Belgium]/[France]/[Germany]/[Ireland] [The Netherlands]/[the United Kingdom] during the period from [●] until [●] (*Offer Period*).

## 8. **NOTIFICATION**

[The *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority for the purposes of the Prospectus Directive [has been requested to provide/has provided] –[include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of Host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

## 9. **TERMS AND CONDITIONS OF THE OFFER**

Offer Price: [Issue Price][specify]  
Conditions to which the offer is subject: [Not Applicable/give details]  
Offer Period (including any possible amendments): [specify]  
Description of the application process: [Not Applicable/give details]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give detail</i> ]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i> ]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/ <i>give details</i> ]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i> ]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i> ]
Whether tranche(s) have been reserved for certain countries:	[Not Applicable/ <i>give details</i> ]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i> ]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/ <i>give details</i> ]
Consent of the Issuer to use the Prospectus during the Offer Period:	[Not Applicable / Applicable with respect to any Authorised Offeror specified below]
Authorised Offeror(s) in the various countries where the offer takes place:	[Not Applicable / <i>Name(s) and address(es) of the financial intermediary(ies) appointed by the Issuer to act as Authorised Offeror(s)/ Any financial intermediary which satisfies the conditions set out below in item "Conditions attached to the consent of the Issuer to use the Prospectus"</i> ]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	The Authorised Offerors identified in paragraph [7] above.

## 10. PLACING AND UNDERWRITING

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer.<sup>1</sup> [ ]

Name and address of any paying agents and depository agents in each country (in addition to the Principal Paying Agent): [ ]

---

<sup>1</sup> To the extent known to the Issuer, include also the names and addresses of the placers in the various countries where the offer takes place.

Names and addresses of entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements<sup>2</sup> [ ]

When the underwriting agreement has been or will be reached: [ ]

Name and address of entities which have a firm commitment to act as intermediaries in secondary trading: [ ]

## **ANNEX –ISSUE SPECIFIC SUMMARY**

*(Issuer to annex issue specific summary to the final terms)*

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<sup>2</sup> Where not all of the issue is underwritten, a statement of the portion not covered.



**FORM OF FINAL TERMS IN CONNECTION WITH ISSUES OF NOTES WITH A  
DENOMINATION OF AT LEAST €100,000 (OR EQUIVALENT) TO BE ADMITTED TO  
TRADING ON AN EEA REGULATED MARKET**

[Date]

**LAFARGE**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €12,000,000,000  
Euro Medium Term Note Programme

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated 27 May 2014 [and the supplement(s) to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus (for the purposes of article 5.4 of the Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in the Relevant Member State) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [as so supplemented] is available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from Lafarge at 61 rue des Belles Feuilles, 75116 Paris, France.]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated [16 May 2013 /23 April 2012]/ [23 April 2010] / [14 April 2009] / [14 April 2008] / [12 June 2007] / [3 November 2005] [and the supplement(s) to the Base Prospectus dated [●]] which are incorporated by reference in the Base Prospectus dated 27 May 2014. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in the Relevant Member State) (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 27 May 2014 [as so supplemented], which [together] constitute[s] a base prospectus for the purposes of article 5.4 of the Directive 2003/71/EC, save in respect of the Conditions which are extracted from the Base Prospectus dated [16 May 2013 /23 April 2012]/ [23 April 2010] / [14 April 2009] / [14 April 2008] / [12 June 2007] / [3 November 2005] [and the supplement(s) to the Base Prospectus dated [●]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [●] [and the supplement(s) to the Base Prospectus dated [●] and [●]]. The Base Prospectus [as so supplemented] is available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and copies may be obtained from Lafarge at 61 rue des Belles Feuilles, 75116 Paris, France.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

- |    |       |  |   |
|----|-------|--|---|
| 1. | (i)   | Series Number:                           | [●]   |
|    | (ii)  | Tranche Number:                          | [●]   |
|    | (iii) | Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the <i>[insert Series number/maturity date/issue date of the relevant Series]</i> on <i>[insert date/the Issue Date/exchange</i> |

of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [23] below [which is expected to occur on or about *[insert date]*]].]

2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount:
  - Tranche: [●]
  - Series: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●] (if applicable)]
5. (i) Specified Denominations: [●]  
(ii) Calculation Amount: [●] *(If there is only one Specified Denomination, insert the Specified Denomination.*  
*If there is more than one Specified Denomination insert the highest common factor of those Specified Denominations. N.B. there must be a common factor in the case of two or more Specified Denominations)*
6. [(i)] Issue Date: [●]  
[(ii)] Interest Commencement Date: [Specify/Issue Date/Not Applicable]
7. Maturity Date: *[Fixed rate — specify date/ Floating rate — Specified Interest Payment Date falling in or nearest to [specify month and year]]*
8. Interest Basis: [[●] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate]  
[Zero Coupon]  
(further particulars specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[100]/[[●] *[If the Notes are Zero Coupon Notes]*] per cent. of their nominal amount.
10. Change of Interest Basis: [Applicable/Not Applicable]  
*[Specify the date when any fixed to floating rate change occurs or refer to paragraphs 14 or 15 below and identify here]*
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Make-Whole Redemption by the Issuer]
12. (i) Status of the Notes: [Unsubordinated]/[[Dated/Undated][Ordinary Subordinated/Deeply Subordinated]]  
(ii) Date of [Board] approval for issuance of Notes obtained: [●]  
*(N.B. only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 13. Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable on each Interest Payment Date
  - (ii) Interest Payment Date(s): [●] in each year from and including [●], up to, and including the Maturity Date/[●] [adjusted in accordance with the [Following Business Day Convention]/[Modified Following Business Day Convention]/[●] [with the Additional Business Centres for the definition of “Business Day” being [●]] / [[not adjusted]]
  - (iii) Fixed Coupon Amount(s) *(RMB Notes only)*: [●] per [●] [in nominal amount] [per Calculation Amount] [Not Applicable]
  - (iv) Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment date falling [in/on] [●]
  - (v) Fixed Day Count Fraction: [30/360, Actual/Actual (ICMA/ISDA)]
  - (vi) Determination Date(s): [●] in each year  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*  
*(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
  - (vii) Party responsible for calculating Interest Amounts (if not the Calculation Agent) *(RMB Notes only)*: [[●]/Not Applicable]
- 14. Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
  - (ii) Specified Interest Payment Dates: [ [●] [●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iii) below]
  - (iii) First Interest Payment Date: [●]
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
  - (v) Business Centre(s): [●]
  - (vi) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
  - (vii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [●]

- (viii) Screen Rate Determination: [Applicable/Not Applicable]
  - Reference Rate: [●]
  - Relevant Financial Centre [●]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
- (ix) ISDA Determination:
  - Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (x) Margin(s): [ +/- ][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction: [Actual/365]/[Actual/Actual]/[Actual/365 (Fixed)]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[360/360]/[30E/360][30E/Eurobond Basis]

#### 15. Zero Coupon Note Provisions

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]

### PROVISIONS RELATING TO REDEMPTION

#### 16. Call Option

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: = [●] per Calculation Amount
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [●] per Calculation Amount
  - (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]

#### 17. Make-Whole Redemption by the Issuer

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Notice Period: [●]
- (ii) Redemption Date: [●]

	(iii)	Redemption Margin:	[●]
	(iv)	Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent):	[●]/ [Not Applicable]
<b>18.</b>	<b>Put Option</b>		[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	Notice period:	[●]
<b>19.</b>	<b>Final Redemption Amount of each Note</b>		[●] per Calculation Amount
<b>20.</b>	<b>Early Redemption Amount</b>		
	(i)	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default:	[●]
	(ii)	Redemption for taxation reasons permitted on days other than Specified Interest Payment Dates:	[Yes/No]
	(iii)	Unmatured Coupons to become void upon early redemption:	[Yes/No/Not applicable]
<b>21.</b>	<b>Change of Control Put Option</b>		[Applicable/Not Applicable]
<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>			
<b>22.</b>	<b>Form of Notes:</b>		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  [Temporary Global Note exchangeable for Definitive Notes on the Exchange Date.]  <i>(In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes in accordance with this option, such notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination))</i>  [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
<b>23.</b>	Financial Centre(s) or other special provisions relating to Payment Dates:		[Not Applicable/give details]  <i>(Note that this item relates to the date and place of payment and not interest period end dates to which items 15(v) relates)</i>
<b>24.</b>	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):		[Yes/No.]

25. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Applicable / Not Applicable]
- (iii) Instalment Amount(s): [•]
- (iv) Instalment Date(s): [•]
26. [Exclusion of the possibility to request identification information of the Noteholders as provided by Condition 1: [Applicable] *(If the possibility to request identification information of the Noteholders as provided by Condition 1 is not contemplated, delete this paragraph)*]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

- 1.
- (ii) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be [listed on the [official list of the Luxembourg Stock Exchange]][and] admitted to trading on [specify relevant regulated market] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [•].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) Estimate of total expenses related to admission to trading: [•]

## 2. RATINGS

Ratings: [[The Notes to be issued [have been/ are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]] :

[S & P: [•]]

[Moody's: [•]]

[[Other]: [•]]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*(Include any appropriate Credit Rating Agency Regulation (1060/2009) disclosure)*

[[Insert credit rating agency] is established in the European Community and registered under Regulation (EC) No 1060/2009. As such [insert credit rating agency] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance

with such Regulation.]

[[Insert credit rating agency] is established in the European Community and has applied for registration under Regulation (EC) No 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[Insert credit rating agency] is not established in the European Community and has not applied for registration under Regulation (EC) No 1060/2009.]

[[Insert credit rating agency] is not established in the European Community and has applied for registration under Regulation (EC) No 1060/2009.]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)*

“Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged and may in the future engage in investment banking and/or commercial transactions with and may perform other services for the Issuer and/or its affiliates in the ordinary course of business.”

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

### **4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer:

[•]

*(See “Use of Proceeds” wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

[(ii) Estimated net proceeds:

[•]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses:

[•] *[Include breakdown of expenses.]*

### **5. Fixed Rate Notes only – YIELD**

Indication of yield:

[•]

### **6. Floating Rate Notes only – HISTORIC INTEREST RATES**

[Details of historic [LIBOR/EURIBOR/EUR CMS replicate other as specified in the Conditions] rates can be obtained from [Reuters].]

## 7. OPERATIONAL INFORMATION

ISIN Code: [●]  
 Common Code: [●]  
 Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable /give name(s) and number(s)]  
 Delivery: Delivery [against/free of] payment  
 Names and addresses of additional Paying Agent(s): [●]

## 7. DISTRIBUTION

(i) Method of distribution: [Syndicated/Non-syndicated]  
 (ii) If syndicated:  
     (A) Names of Managers: [Not Applicable/give names]  
     (B) Stabilising Manager(s) (if any): [Not Applicable/give names]  
 (iii) If non-syndicated, name of Dealer: [Not Applicable/give name]  
 (iv) US Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable]

## 8. NOTIFICATION

[The *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority or the purposes of the Prospectus Directive [has been requested to provide/has provided] –[include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of Host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]



## RECENT DEVELOPMENTS

**Lafarge announces a merger project of equals to create LafargeHolcim on 7 April 2014 (Press release dated 7 April 2014)**

**"A merger of equals to create LafargeHolcim, the most advanced group in the building materials industry"**

Holcim and Lafarge announced their intention to combine the two companies through a merger of equals, unanimously approved by their respective Board of Directors and fully supported by the core shareholders of both companies.

This new global company with European roots would deliver compelling benefits for all stakeholders. LafargeHolcim would be in the best position to contribute to addressing the challenges of urbanization: affordable housing, urban sprawl and transport. The new Group would increase its offer to customers through innovation delivered on an expanded scale, best in class R&D and a combined portfolio of solutions and products. Both companies have pioneered sustainability and climate change mitigation in the industry and are committed to take it to the next level. LafargeHolcim would have an enhanced presence in the global building materials sector with a number one position globally across cement, concrete and aggregates and new opportunities to optimize production and commercial networks.

Lafarge and Holcim pro forma combined sales amount to c. CHF 39bn / EUR 32bn and Ebitda to c. CHF 8bn / EUR 6.5bn.

After a strategic optimization of the portfolio through a pro-active divestment process, in anticipation of regulatory requirements, LafargeHolcim would occupy complementary positions. Combined operations would include production sites located in 90 countries across all continents with the most balanced and diversified portfolio in the industry. This will deliver highly attractive growth prospects across both high growth and developed markets. No country would account for more than c.10% of combined revenues.

LafargeHolcim would be listed on the SIX in Zurich and Euronext Paris. It would continue to be domiciled in Switzerland. It would operate under the local governance rules with a board composed with equal numbers of Lafarge and Holcim directors and through an efficient distribution of central corporate functions in France and Switzerland. The Chairman of the new board would be Wolfgang Reitzle, future Chairman of Holcim. Bruno Lafont, Chairman and CEO of Lafarge would become CEO of the new group and member of the board. Thomas Aebischer, Holcim's CFO would become CFO of the new group. Jean-Jacques Gauthier, Lafarge's CFO would become Chief Integration Officer of the new group. The Executive Committee would be formed from both Lafarge and Holcim management.

In order to ensure efficient execution of the merger, an integration committee will prepare the integration plan to be implemented straight after the closing of the transaction.

Bernard Fontana, Holcim CEO will remain in charge of Holcim until completion of the transaction. He will co-chair the integration committee.

The proposed merger would enable optimized capital allocation across the expanded footprint to drive improved ROCE, and strong cash-flow generation and the robust balance sheet will provide financial strength. LafargeHolcim will maintain an attractive dividend policy.

LafargeHolcim expects the following annual synergies:

- CHF 1.7bn / EUR 1.4bn of incremental synergies on a full run-rate basis phased in over three years with one third in year one;
- CHF 1.2bn / EUR 1.0bn at Ebitda level through best practices, scale and crossutilization of innovative products and solutions;
- CHF 240m / EUR 200m in financial savings;
- CHF 240m / EUR 200m in capital expenditure optimization.

The proposed combination would be structured as a public offer filed by Holcim for all outstanding shares of Lafarge on the basis of a 1 for 1 exchange ratio with an agreement to have equal dividends on a per share basis between announcement and completion. Each Lafarge shareholder tendering.

Lafarge shares to the contemplated exchange offer would receive an equal number of newly issued ordinary shares of Holcim. The offer would be subject to Holcim holding at least 2/3rd of the share capital and voting rights of Lafarge on a fully diluted basis.

The proposed combination is conditional upon, among other things, execution of definitive documentation, approval of the shareholders of Holcim and obtaining required regulatory and other customary authorizations. Completion is expected by the end of H1 2015 subject to obtaining regulatory approvals.

The parties will proceed with required information and consultation procedures with the relevant employees representative bodies of Lafarge and Holcim regarding the proposed transaction prior to execution of the final documentation. The exchange offer would be filed with the Autorité des Marchés Financiers (AMF) after relevant regulatory approvals have been obtained and would be subject to review by the AMF in France.

The exchange offer will not be open to the public in the United States or any jurisdiction other than France where action to permit the offer is required.

Thomas Schmidheiny, GBL and NNS Holding Sarl have entered into agreements in support of the proposed combination.”

In addition, following the announcement of the Project, rating agencies have issued the following updates: Standard & Poor's Ratings Services (“S&P”) has placed the Issuer's BB+ rating under positive outlook, and Moody's Investors Service (“Moody's”) has put the Issuer's Ba1 rating under review for upgrade. But S&P has also stated that it would most likely revise the outlook to stable if the Project did not close, while Moody's have stated that negative rating pressure would build if the Project could not conclude, and, if at the same time the Issuer's standalone metrics, such as RCF/net debt have not improved to around 15% in 2014.

**Lafarge announces 2014 shareholders' meeting on 5 May 2014 (press release dated 7 May 2014) (Press release dated 7 May 2014)**

“Lafarge's Combined shareholders' meeting, which was held in Paris on May 7, 2014 under the chairmanship of Bruno Lafont, approved all resolutions submitted for their vote.

The shareholders' meeting approved a dividend of €1 per share and a loyalty dividend of €1.10 per share. The dividend will be paid on July 4, 2014 (with an ex-dividend date on July 1st, 2014).

The shareholders' meeting also approved the appointment of Ms Mina Gerowin and Christine Ramon to the Lafarge Board of Directors and renewed the terms of office of Ms Véronique Weill.

The shareholders approved the resolution on the elements of compensation due or granted to Mr Bruno Lafont, Chairman and Chief Executive Officer, for the year ended December 31, 2013.

In addition, the shareholders' meeting approved the two proposed modifications of the Company's Articles of Association respectively aiming to:

- establish how the Directors representing the employees in the Company's Board will be appointed;
- adapt the rule concerning the age limit for Directors.

Results of the vote will be available on our website, [www.lafarge.com](http://www.lafarge.com), in the Shareholders & Investors Section.

## TAXATION

*The statements herein regarding taxation are based on the laws in force in the European Union, Austria, Belgium, France, Germany, Ireland, Luxembourg, the Netherlands, and the United Kingdom as of the date of this Base Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its own tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as of the date of this Base Prospectus and of any actual changes in applicable tax laws after such date.*

*All prospective Noteholders should seek independent advice as to their tax positions.*

### **EU Directive on the Taxation of Savings Income**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Savings Income Directive**), Member States are required to provide to the tax authorities of another Member State details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in that other Member State or to certain limited types of entities established in that other Member State. For a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). On 10 April 2013, the Luxembourg government has announced its intention to opt out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015 and will then commence automatic information exchange under the Savings Income Directive.

A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system, or through a non-EU country which has adopted similar measures and has opted for a withholding system, or through certain dependent or associated territories which have adopted similar measures and which have opted for a withholding system, and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Income Directive.

On 24 March 2014, the Council of the European Union adopted a directive amending and broadening the scope of the Savings Income Directive, which, when implemented, will enlarge the scope of the Savings Income Directive. These changes will expand the range of payments covered by the Savings Income Directive, in particular to include additional types of income payable on securities. The Savings Income Directive will also apply a “look through approach” to payments made via certain persons, entities or legal arrangements (including trusts and partnerships), where certain conditions are satisfied where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the Savings Income Directive. This approach may in some cases apply where the person, entity or arrangement is established or effectively managed outside the European Union. The Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with the amending directive, with application of the new requirements from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisors.

### **Belgian Taxation**

The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Notes. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions.

For the purpose of the summary below, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e., an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident), (ii) a company subject to Belgian corporate income tax (i.e., a company that has its registered office, its main establishment, its administrative seat or its seat of management

in Belgium), or (iii) a legal entity subject to Belgian legal entities tax (i.e., an entity other than a company subject to corporate income tax having its registered office, its main establishment, its administrative seat or its seat of management in Belgium).

A non-resident is a person who is not a Belgian resident.

### ***Belgian withholding tax***

The interest component of payments on the Note made by or on behalf of the Issuer is as a rule subject to Belgian withholding tax, currently at a rate of 25% on the gross amount. Double taxation conventions may, under certain conditions, provide for a lower rate or an exemption.

For Belgian income tax purposes, interest includes (i) periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer) (including the redemption or purchase at the option of the Noteholders pursuant to Condition 16 in case of a Change of Control under the Change of Control Put Option), and (iii) if the Notes qualify as fixed income securities pursuant to Article 2, §1, 8° of the Belgian Income Tax Code 1992 (**ITC 92**), in case of a sale of the Notes between interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period.

## **Interest, capital gains and income tax**

### ***(a) Belgian resident individuals***

For Belgian resident individuals (i.e. individuals subject to Belgian personal income tax) holding the Notes as a private investment the withholding tax, currently at 25%, will fully discharge them from their tax liability with respect to these interest payments (*précompte mobilier libératoire / bevrijdende roerende voorheffing*). Therefore, they do not have to declare the interest obtained on the Notes in their personal income tax return.

If such investors would nevertheless elect to declare the interest in their personal income tax return, the interest payments will normally be taxed at a separate rate 25% or at the relevant progressive tax rates taking into account the taxpayer's other declared income, whichever is most beneficial for the taxpayer.

If the interest payment is declared, any withholding tax retained may be credited is refundable to the extent that it exceeds the total personal income tax due.

Capital gains realised on the disposal of the Notes are as a rule tax exempt, unless these notes are held for professional purposes or if the capital gain is realised outside the normal management of one's private estate. If the Notes qualify as fixed income securities pursuant to Article 2, §1, 8° ITC 92 and in case of a sale of the notes between interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period does not constitute a capital gain, but interest, which may be subject to withholding tax (see above section "Belgian withholding tax").

Capital losses realised upon the disposal of the Notes held as a private investment are in principle not tax deductible.

Specific tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

### ***(b) Belgian resident companies***

Companies resident in Belgium (i.e. companies subject to Belgian corporate income tax) or holding the Notes via a Belgian permanent establishment, will be subject to Belgian corporate income tax on the interest payments made on the Notes, currently at 33.99% or, subject to certain conditions at the lower rates applicable for small and medium sized companies. Capital gains realised in respect of the Notes will be part of taxable income. Capital losses realised upon the sale of the Notes are in principle tax deductible.

### ***(c) Belgian legal entities***

Legal entities resident in Belgium (i.e. legal entities subject to Belgian legal entities tax) are subject to a withholding tax of 25% on interest payments. The withholding tax constitutes the final taxation. Legal entities resident in Belgium which have received gross interest income are required to pay the amount of the Belgian withholding tax themselves.

Capital gains realised on the disposal of the Notes are as a rule tax exempt (unless it qualifies as interest on Notes considered fixed income securities referred to under the section “Belgian withholding tax”). Capital losses are in principle not tax deductible.

(d) *Non-residents*

Noteholders who are non-residents of Belgium for Belgian tax purposes are in principle subject to tax on the interest at the current rate of 25%, possibly reduced pursuant to a tax treaty, on the gross amount of the interest.

**Tax on stock exchange transactions**

Secondary market trades in respect of the Notes will give rise to a stock exchange tax (*Taxe sur les operation de bourse / Taks op de Beursverrichtingen*) if they are entered into or carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases is 0.09%. The tax is due separately from each party to any such transaction, i.e., the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. The amount of the tax is, however, capped at EUR 650 per transaction per party.

However, the tax referred to above will not be payable by exempt persons acting for their own account including all non-residents of Belgium, subject to the delivery of an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in article 126/1, 2° of the Code of various duties and taxes (*Code des droits et taxes divers / Wetboek diverse rechten en taksen*).

The Draft Directive on a Financial Transaction Tax (the FTT), stipulates that once the FTT enters into effect, the Participating Member States shall not maintain or introduce any taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be repealed once the FTT enters into effect. The Draft Directive is still subject to negotiation between the Participating Member States and may, therefore, be further amended at any time.

**French Taxation**

The descriptions below only aim at describing certain withholding tax consequences that may be relevant to holder of Notes who do not concurrently hold shares of the Issuer, and are not otherwise affiliated with the Issuer within the meaning of Article 39, 12 of the French *Code général des impôts* (the **French General Tax Code**). Persons who are in any doubt as to their tax position should consult a professional tax adviser.

***EU Savings Directive***

The Savings Income Directive has been implemented in French law under Article 242 *ter* of the French General Tax Code and Articles 49 I *ter* to 49 I *sexies* of Schedule III to the French General Tax Code.

***Withholding tax rules for Notes issued by the Issuer other than those which are to be assimilated with Notes issued before 1 March 2010***

Following the introduction of the French *loi de finances rectificative pour 2009 no. 3* (n° 2009-1674 dated 30 December 2009; the **Law**), as interpreted by the French tax authorities in their official doctrine (BOI-INT-DG-20-50-20140211,; hereinafter, the **Administrative Doctrine**), payments of interest and other income made by the Issuer with respect to Notes issued on or after 1 March 2010 (other than Notes (as described below) which are consolidated (*assimilables* for the purpose of French law) with Notes issued before 1 March 2010 having the benefit of Article 131 *quater* of the French General Tax Code) will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code, unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French General Tax Code (a **Non-Cooperative State**). If such payments under the Notes are made in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) pursuant to Article 125 A III of the French General Tax Code.

Furthermore, pursuant to Article 238 A of the French General Tax Code, interest and other income on such Notes will no longer be deductible from the Issuer’s taxable income, if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid to a bank account opened in a financial institution

located in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other income may be recharacterised as constructive dividends pursuant to Article 109 et seq. of the French General Tax Code, in which case such non-deductible interest and other income may be subject to the withholding tax set out under Article 119 *bis* of the French General Tax Code, at a rate of 30% or 75% (subject to the more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, the Law provides that neither the 75% withholding tax nor the non-deductibility will apply if the Issuer can prove that the principal purpose and effect of a particular issue of Notes is not that of allowing the payments of interest or other income to be made in a Non-Cooperative State (the **Exception**). Pursuant to the Administrative Doctrine, an issue of Notes will benefit from the Exception, without the Issuer having to provide any proof of the purpose and effects of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code Monétaire et Financier* or pursuant to an equivalent offer in a State or territory other than a Non-Cooperative State (for this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority); or
- (ii) admitted to trading on a French or foreign regulated market or a multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State and that the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

***Withholding tax rules for Notes which are consolidated (“assimilables” for the purpose of French law) with Notes issued before 1 March 2010***

Payments of interest and other income with respect to Notes which are consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued (or deemed issued) outside France within the meaning of Article 131 *quater* of the French General Tax Code, before 1 March 2010, will continue to be exempt from the withholding tax provided under Article 125 A III of the French General Tax Code. Pursuant to the official doctrine of the French tax authorities (BOI-RPPM-RCM-30-10-30-30-20140211), the exemption will also apply if the payments are made outside of France in a Non-Cooperative State.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of the official doctrine of the French tax authorities (BOI-RPPM-RCM-30-10-30-30-20140211), or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French General Tax Code, in accordance with the abovementioned administrative doctrine.

In addition, interest and other income paid by the Issuer on Notes issued on or after 1 March 2010 and which are consolidated (*assimilables* for the purpose of French law) and form a single series with Notes issued before 1 March 2010 will not be subject to the withholding tax set out in Article 119 *bis* of the French General Tax Code solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

***Withholding tax applicable to French resident individuals***

Interest payments received by French tax resident individuals from 1 January 2013 are subject to a 24% withholding tax, pursuant to Article 125 A I of the French General Tax Code (subject to certain exceptions). The amount of the withholding tax paid is deductible from the personal income tax liability in respect of the year in which the payment was made. Social contributions (*CSG*, *CRDS* and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5% on interest paid to French tax resident individuals.

**Austrian Taxation**

This overview is based on Austrian law as in force when drawing up this Prospectus. The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect. It cannot be ruled out that the Austrian tax authorities adopt a view different from that outlined below. This overview is based on the assumption that the Notes are legally and actually publicly offered in the form of securities and do not qualify as equity or units in a non-Austrian investment fund for Austrian tax purposes. The tax consequences may substantially differ if the Notes are not legally and factually publicly offered in the form of securities or if the Notes are qualified as equity instruments or (in particular if issued by a non-Austrian entity) units in a non-Austrian investment fund within the meaning of § 188 of the Austrian Investment Fund Act (*Investmentfondsgesetz, InvFG*).

### ***Austrian residents***

Income from the Notes derived by individuals whose domicile or habitual abode is in Austria is subject to Austrian income tax pursuant to the provisions of the Austrian Income Tax Act (*Einkommensteuergesetz*).

Interest income from the Notes is subject to a special income tax rate of 25%. If the interest is paid out to the Noteholder by an Austrian paying agent (Austrian bank or branch of foreign bank or investment services provider domiciled in an EU Member State), the interest income from the Notes is subject to Austrian withholding tax (*Kapitalertragsteuer*) at a rate of 25%, which is withheld by the paying agent (*auszahlende Stelle*). The withholding tax for interest income generally has the effect of final taxation (*Endbesteuerung*) for individuals, irrespectively whether the Notes are held as private assets or as business assets.

Realized capital gains (*Einkünfte aus realisierten Wertsteigerungen*) from the Notes are also subject to Austrian income tax at a rate of 25%. Realized capital gains mean any income derived from the sale or redemption of the Notes. The tax base is, in general, the difference between the sale proceeds or the redemption amount and the acquisition costs, in each case including accrued interest. Expenses which are directly connected with income subject to the special tax rate of 25% (e.g. to the Notes) are not deductible. For Notes held as private assets, the acquisition costs do not include incidental acquisition costs (*Anschaftungsnebenkosten*). For the calculation of the acquisition costs of Notes held within the same securities account and having the same securities identification number but which are acquired at different points in time, an average price shall apply.

If an Austrian custodian agent (*depotführende Stelle*) or paying agent (if the non-Austrian depository is a non-Austrian branch or group company of such paying agent and the paying agent processes the realization in cooperation with the custodian agent) is involved and pays out or credits the proceeds, also any realized capital gains from the Notes are subject to the 25% withholding tax. The 25% withholding tax deduction results in final income taxation for private investors (holding the Notes as private assets) provided that the investor has evidenced the factual acquisition costs of the Notes to the custodian agent.

If interest income or income from realized capital gains are not subject to Austrian withholding tax (e.g. because there is no Austrian securities depository or paying agent), the taxpayer will have to include the interest income or income from realized capital gains derived from the Notes in his personal income tax return which is taxed at a rate of 25%, unless a Swiss or Liechtenstein paying agent has withheld final withholding tax under the respective Swiss or Liechtenstein withholding tax acts implementing the bilateral withholding tax agreements with Switzerland (in force since 1 January 2013) and Liechtenstein (in force since 1 January 2014) which final withholding tax (i.e. 25%) discharges the investor's Austrian income tax liability..

Withdrawals (*Entnahmen*) and other transfers of Notes from the securities account will be treated as disposals (sales), unless specified exemptions pursuant to § 27(6)(1)(a) Austrian Income Tax Act will be fulfilled, such as the transfer of the Notes to a securities account owned by the same taxpayer (i) with the same Austrian custodian agent (bank), (ii) with another Austrian bank if the account holder instructs the transferring bank to disclose the acquisition costs to the receiving bank or (iii) with a non-Austrian bank, if the account holder instructs the transferring bank to transmit the pertaining information to the competent tax authority or, in the case of transfers from a foreign account, notifies himself the competent Austrian tax authority within one month; or, in the case of a transfer without consideration to a securities account held by another taxpayer, if the fact that the transfer is made without consideration is evidenced to the bank or the bank is instructed to inform the Austrian tax authority thereof or if, in case the Notes are gratuitously transferred to another taxpayer from a non-Austrian bank, the taxpayer notifies himself the competent Austrian tax authority within one month. Special rules apply if a taxpayer transfers his residence outside of Austria or Austria loses for other reasons its taxation right in respect of the Notes to other countries (which gives rise to a deemed capital gain and exit taxation with the option for deferred taxation in the case of a transfer to an EU member state or certain member states of the European Economic Area)

Taxpayers, whose regular personal income tax is lower than 25% may opt for taxation of the income derived from the Notes at the regular personal income tax rate. Any tax withheld will then be credited against the income tax. Such application for opting into taxation at the regular personal income tax rate must, however, include all investment income subject to the special 25% tax rate. Expenses directly economically connected

with such income are also not deductible if the option for taxation at the regular personal income tax rate is exercised.

Income from Notes which are not legally and actually publicly offered in the form of securities within the meaning of the Austrian Income Tax Act would not be subject to withholding tax and final taxation but subject to normal progressive personal income tax rates.

Losses from Notes held as private assets may only be offset against other investment income subject to the special 25% tax rate (excluding, inter alia, interest income from bank deposits and other claims against banks) and must not be offset with any other income. Pursuant to § 93(6) Austrian Income Tax Act, a mandatory set-off of losses has to be applied by the Austrian custodian agent with respect to investment income derived from securities accounts with the same custodian agent (subject to certain exemptions). However, a carry-forward of such losses is not permitted.

Income including capital gains derived from the Notes which are held as business assets are also subject to the special income tax rate of 25% deducted by way of the withholding tax, provided that the generation of income from realized capital gains or from derivatives does not constitute a main area of the taxpayer's business activity. However, realized capital gains, contrary to interest income, have to be included in the tax return. Write-downs and losses derived from the sale or redemption of Notes held as business assets must primarily be set off against positive income from realized capital gains of financial instruments of the same business and only half of the remaining loss may be offset against any other income or carried forward.

Income including capital gains from the Notes derived by corporate Noteholders, whose seat or place of management is based in Austria, is subject to Austrian corporate income tax pursuant to the provisions of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*). Corporate Noteholders deriving business income from the Notes may avoid the application of Austrian withholding tax by filing a declaration of exemption (*Befreiungserklärung*) pursuant to § 94(5) Austrian Income Tax Act. Tax losses may generally be offset against all other income. Tax loss carry forwards are generally possible.

Private foundations pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in § 13(6) Corporate Income Tax Act and holding the Notes as a non-business asset are subject to interim taxation at a rate of 25%. (which is, however, not levied in case the private foundation makes distributions to beneficiaries which are subject to Austrian withholding tax) on interest income, income from realised capital gains and income from derivatives. Under the conditions set forth in § 94(12) Austrian Income Tax Act no withholding tax is levied.

The Issuer does not assume responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at source.

### ***Non-residents***

Income including capital gains derived from the Notes by individuals who do not have a domicile or their habitual abode in Austria or by corporate investors who do not have their corporate seat or their place of management in Austria ("**non-residents**") is currently not taxable in Austria provided that the income is not attributable to an Austrian permanent establishment (for withholding tax under the EU Savings Directive see below). An Austrian custodian or paying agent may abstain from levying 25% withholding tax under § 94(5) and (13) Austrian Income Tax Act.

If any Austrian withholding tax is deducted by the custodian or paying agent, the tax withheld shall be refunded to the non-resident Noteholder upon his application, which has to be filed with the competent Austrian tax authority within five calendar years following the date of the imposition of the withholding tax.

As of 1 January 2015, limited Austrian tax liability will be extended to interest within the meaning of the Austrian EU-Source Tax Act (*EU-Quellensteuergesetz*; *EU-QuStG*) received by a recipient not covered by EC Council Directive 2003/48/EC ("EU Savings Directive"). As a consequence, in particular, non-resident corporations and non-EU-resident individuals may be subject to such limited tax liability. It is a prerequisite that the obligation to levy 25% Austrian withholding tax is triggered. This is especially the case if (i) interest is paid by an Austrian paying agent or (ii) by an Austrian issuer directly to the holder of the Securities. However, interest payable by debtors having neither their domicile nor place of management nor seat in Austria as well as interest on claims entered into a public debt registry are exempt from such limited Austrian tax liability and from withholding tax, even if the interest is paid by an Austrian paying agent. An Austrian custodian or paying agent may abstain from levying 25% withholding tax under § 94(5) and (13) Austrian Income Tax Act.

Where non-residents receive income from the Notes as part of business income taxable in Austria (e.g. permanent establishment), they are, in general, subject to the same tax treatment as resident investors.

### ***EU Savings Directive***

The EU Council Directive 2003/48/EC on taxation of savings income in the form of interest payments ("EU Savings Directive") provides for an exchange of information between the authorities of EU Member States regarding interest payments made in one Member State to beneficial owners who are individuals and resident for tax purposes in another Member State. Austria has implemented the EU Savings Directive by way of the



EU-Source Tax Act (*EU-Quellensteuergesetz*) which provides for a withholding tax rather than for an exchange of information.

Under the Austrian EU-Source Tax Act, interest paid by an Austrian paying agent to an individual beneficial owner resident in another EU member state is subject to EU source tax at a rate of 35%. Interest within the meaning of the EU-Source Tax Act are, among others, interest paid or credited to an account, relating to debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures.

An exemption from EU source taxation applies, among others, if the beneficial owner of the interest forwards to the Austrian paying agent documentation issued by the tax office where the tax payer is resident, stating (a) the beneficial owner's name, address and tax identification number (in the absence of a tax identification number the beneficial owner's date and place of birth), (b) the paying agent's name and address (c) the beneficial owner's address and account number or the security identification number. Further, EU source tax is not triggered if interest within the meaning of the EU-QuStG is paid to an institution within the meaning of § 4(2) EU-Source Tax Act resident in another EU Member State and this institution agrees upon written request of the Austrian paying agent to enter into a simplified information exchange procedure with the Austrian paying agent. Special rules apply to securities the value of which depends directly on the value of a reference underlying. Distinction must be made between securities providing for capital protection to the investor (guaranteed interest is sufficient to constitute a capital protection within the present context) or not (see Information of the Austrian Federal Ministry of Finance dated 1 August 2005 for details).

The Issuer does not assume responsibility for EU withholding tax at source.

#### **Other taxes**

There should be no transfer tax, registration tax or similar tax payable in Austria by Noteholders as a consequence of the acquisition, ownership, disposition or redemption of the Notes. The Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) was abolished with effect as of August 1, 2008. However, gifts from or to Austrian residents have to be notified to the tax authorities within a three-month notification period. There are certain exemptions from such notification obligation, e.g. for gifts among relatives that do not exceed an aggregate amount of EUR 50,000 per year or gifts among unrelated persons that do not exceed an aggregate amount of EUR 15,000 within five years.

### **German Taxation**

#### **Withholding Tax**

For German tax residents (e.g. persons whose residence, habitual abode, statutory seat or place of management is located in Germany), coupon payments on the Notes are subject to withholding tax, provided that the Notes are held in custody with a German custodian, who is required to deduct the withholding tax from such coupon payments (the "**Disbursing Agent**"). Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions, but excluding foreign permanent establishments of German resident institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax). Individuals subject to church tax may apply in writing for church tax to be levied by way of withholding. Absent such application, individuals subject to church tax have to include their investment income in their income tax return and will then be assessed to church tax. For German credit institutions, an electronic information system for church withholding tax purposes will apply in relation to investment income received after 31 December 2014, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor will be assessed to church tax.

The withholding tax regime should also apply to any gains from the disposition or redemption of Notes realized by private investors holding the Notes as private (and not as business) assets in custody with a Disbursing Agent. Subject to exceptions, the amount of capital gains on which the withholding tax charge is applied is generally levied on the difference between the proceeds received upon the disposition or redemption of the Notes and (after the deduction of actual expenses directly related thereto) the acquisition costs. In the case of a disposition or redemption of Zero Coupon Notes, this also applies to the extent such proceeds contain accrued interest. Where the Notes are acquired and/or sold in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively. Where custody has changed since the acquisition and the acquisition data is not proved to the Disbursing Agent in the form required by law,

the tax at a rate of 25% (plus 5.5% solidarity surcharge and, if applicable, church tax) will be imposed on an amount equal to 30% of the proceeds from the sale or redemption of the Notes.

In the case of investors holding the Notes as private assets, no withholding tax is applied if the investor has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the total investment income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 for married couples filing jointly). Expenses actually incurred are not deductible.

In the case of Notes held as business assets if (a) the investor qualifies as a German tax resident corporation, association of persons (*Personenvereinigung*) or estate of assets (*Vermögensmasse*) or (b) the Notes are attributed to a domestic business in Germany and the investor notifies this to the German Disbursing Agent in the officially required form, capital gains from the disposal, sale or redemption of the Notes should not be subject to withholding tax.

The Issuer of the Notes should under German law not be required to deduct withholding tax from the proceeds from the investment in the Notes.

### ***Private Investors***

For private investors the withholding tax is – without prejudice to certain exceptions – definitive. Private investors can apply to have their income from the investment into the Notes assessed in accordance with the general rules on determining an individual's tax bracket if this resulted in a lower tax burden. An assessment is mandatory for income from the investment into the Notes where the Notes are held in custody outside of Germany. Losses resulting from the sale or redemption of the Notes can only be off-set against other investment income. In the event that a set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods only and can be offset against investment income generated in future assessment periods.

### ***Business Investors***

Coupon payments and capital gains from the disposition or redemption of the Notes held as business assets by German tax resident business investors are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge thereon and, if applicable in the case of an individual holding the Notes as business assets, church tax). Further, accrued interest on Zero Coupon Notes are received by business investors that apply the accrual method of accounting on a *pro rata temporis* basis for German taxation purposes. Any withholding tax deducted is – subject to certain requirements – creditable. To the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is – as a rule – refundable. The coupon payments and capital gains are also subject to trade tax, if the Notes are attributable to a trade or business.

### ***Foreign Tax Residents***

Investors not resident in Germany should, in essence, not be taxable in Germany with the proceeds from the investment in the Notes, and no German withholding tax should be withheld from such income, even if the Notes are held in custody with a German Disbursing Agent. Exceptions apply, e.g., where the Notes are held as business assets in a German permanent establishment of the investor.

### ***Other taxes***

At present, the purchase, sale or other disposal of Notes does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sales of Notes which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

## **Irish Taxation**

### ***Withholding Tax***

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes may be treated as having an Irish source if:

- (i) the Issuer is resident in Ireland for tax purposes; or

- (ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- (iii) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer will not have a branch or permanent establishment in Ireland; (iii) payments under the Notes will not be derived from Irish sources or assets; (iv) bearer Notes will not be physically located in Ireland; and (v) the Issuer will not maintain a register of any registered Notes in Ireland.

### ***Encashment Tax***

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from payments on Notes issued by a company not resident in Ireland, where such payments are collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder who is Irish resident. Encashment tax does not apply where the Noteholder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

## **Luxembourg Taxation**

### ***Withholding tax***

Under Luxembourg tax law currently in effect and with the possible exceptions set out hereafter, no Luxembourg withholding tax is levied on payments of interest (including accrued but unpaid interest) and upon repayments of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

### ***Individuals resident outside Luxembourg***

Under the Luxembourg law dated 21 June 2005 implementing the Savings Income Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Income Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, for the benefit of) an individual resident or a residual entity established in another Member State, unless the beneficiary of the interest payments elects for an exchange of information or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/ her country of residence in the required format to the relevant paying agent. The same regime applies to payments to individuals resident, or residual entities established in, certain EU dependent territories.

Where withholding tax is applied, it is currently levied at a rate of 35 %. The Luxembourg government announced however on 10 April 2013 that the withholding tax system will be abolished and replaced by an automatic exchange of information as from 1 January 2015.

### ***Individuals resident in Luxembourg***

A 10% withholding tax has been introduced, as from 1 January 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Income Directive) to Luxembourg individual residents or to residual entities established in another EU Member State or in the EU dependent territories securing the payment for such individual. In case of payment through a paying agent established in another Member State of the EU (e.g. the UK or France), the EEA or in a State which has concluded an international agreement related to the Savings Income Directive, the Luxembourg resident individual Noteholder or for whom a residual entity has secured such payment may opt under a specific procedure to remit the 10% tax to the Luxembourg Treasury. The 10% tax represents the final tax liability for the Luxembourg individual resident taxpayers not holding the Notes as business assets.

When used in the preceding paragraphs, *interest*, *paying agent* and *residual entity* have the meaning given thereto in the Savings Income Directive.

## **U.K. Taxation**

Under current United Kingdom law and practice, if any interest on the Notes were to be regarded as yearly interest arising in the United Kingdom (including without limitation in circumstances where interest is payable

out of any branch, business establishment or other fixed establishment of the Issuer in the United Kingdom or the Notes are enforceable against or secured on United Kingdom property) then the payer of such interest would be obliged to withhold from any payment of such interest United Kingdom income tax at the basic rate (currently 20%), subject to any applicable exemption.

Provided such Notes are and continue to be listed on a recognised stock exchange (as defined by section 1005 of the Income Tax Act 2007) or are the subject of a direction by Her Majesty's Revenue & Customs under any applicable double taxation treaty or where the payer of such interest reasonably believes a Noteholder to be a United Kingdom resident company or to be a non-United Kingdom resident company carrying on a trade in the United Kingdom through a permanent establishment which is within the charge to corporation tax in respect of such interest, or to fall within various categories enjoying a special tax status, payments of interest on the Notes may be made without deduction or withholding or (under certain double taxation treaties) at a reduced rate of withholding for or on account of United Kingdom income tax.

Details of payments made in connection with the Notes may be required to be reported to the tax authorities in the jurisdiction of the Noteholder or of the beneficial owner of payments under the Notes, or may be provided to those tax authorities by the tax authorities in the jurisdiction of the payer (if there is a reporting requirement in the latter jurisdiction). Payments for this purpose may include payments of interest or similar income such as redemption premia or discounts, redemption or disposal proceeds and distributions or similar payments from certain investment entities. Certain jurisdictions operate a back-up withholding tax in the event of a failure to provide the requisite information.

### **Dutch Taxation**

This is a general summary and the tax consequences as described here may not apply to a holder of Notes. Any potential investors should consult their own tax advisers for more information about the tax consequences of acquiring, owning and disposing of Notes in their particular circumstances.

This taxation summary solely addresses the principal Netherlands tax consequences of the acquisition, the ownership and disposition of Notes issued by Issuer after the date hereof held by a holder of Notes who is not a resident of the Netherlands. It does not consider every aspect of taxation that may be relevant to a particular holder of Notes under special circumstances or who is subject to special treatment under applicable law. Where in this summary English terms and expressions are used to refer to Netherlands concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Netherlands concepts under Netherlands tax law.

This summary is based on the tax laws of the Netherlands as they are in force and in effect on the date of this Base Prospectus. The Netherlands means the part of the Kingdom of the Netherlands located in Europe. The laws upon which this summary is based are subject to change, potentially with retroactive effect. A change to such laws may invalidate the contents of this summary, which will not be updated to reflect any such change. This summary assumes that each transaction with respect to Notes is at arm's length.

### **Withholding Tax**

All payments by Issuer under Notes can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that (i) the Notes have a maturity - legally or *de facto* - of less than 50 years and (ii) the Notes will not represent, be linked (to the performance of) or be convertible (in part or in whole) into (rights to purchase) (a) shares; (b) profit certificates (*winstbewijzen*); and/or (c) debt instruments having a maturity - legally or *de facto* - of more than 50 years, in each case issued by Issuer or any other entity related to Issuer.

### **Taxes on Income and Capital Gains**

A holder of Notes will not be subject to any Netherlands taxes on income or capital gains in respect of Notes, including such tax on any payment under Notes or in respect of any gain realised on the disposal, deemed disposal or exchange of Notes, provided that:

- (i) such holder is neither a resident nor deemed to be a resident of the Netherlands, nor, if such holder is an individual, has elected to be taxed as a resident of the Netherlands<sup>3</sup>;
- (ii) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, Notes are attributable;
- (iii) if such holder is an individual, neither such holder nor any of the holder's spouse, partner, a person deemed to be the holder's partner, or other persons sharing such holder's house or household, or certain other of such holder's relatives (including foster children), whether directly and/or indirectly as (deemed) settlor, grantor or similar originator (the **Settlor**), or upon the death of the Settlor, the Settlor's beneficiaries (the **Beneficiaries**) in proportion to their entitlement to the estate of the Settlor, of a trust, foundation or similar arrangement (a **Trust**), (a) indirectly has control of the proceeds of Notes in the Netherlands, nor (b) has a substantial interest in Issuer and/or any other entity that legally or *de facto*, directly or indirectly, has control of the proceeds of Notes in the Netherlands. For purposes of this clause 0, a substantial interest is generally not present if a holder does not hold, alone or together with the holder's spouse, partner, a person deemed to be such holder's partner, other persons sharing such holder's house or household, certain other of such holder's relatives (including foster children), or a Trust of which the holder or any of the aforementioned persons is a Settlor or a Beneficiary, whether directly or indirectly, (a) the ownership of, certain other rights, such as usufruct, over, or rights to acquire (whether or not already issued), shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of a company; (b) the ownership of, or certain other rights, such as usufruct, over profit participating certificates (*winstbewijzen*), or membership rights in a co-operative association, that relate to five per cent. or more of the annual profit of a company or co-operative association or to five per cent. or more of the liquidation proceeds of a company or co-operative association; or (c) membership rights representing five per cent. or more of the voting rights in a co-operative association's general meeting;
- (iv) if such holder is a company, such holder (a) has no (deemed) substantial interest in Issuer, or (b) has a (deemed) substantial interest in Issuer that is not held with the avoidance of Netherlands income tax or dividend withholding tax as (one of) the main purpose(s), or (c) has a (deemed) substantial interest in Issuer that can be allocated to its business assets. For purposes of this clause 0, a substantial interest is generally not present if a holder does not hold, whether directly or indirectly, (a) the ownership of, certain other rights, such as usufruct, over, or rights to acquire (whether or not already issued) shares representing five per cent. or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of a company; or (b) the ownership of, or certain other rights, such as usufruct, over profit participating certificates (*winstbewijzen*) that relate to five per cent. or more of the annual profit of a company or to five per cent. or more of the liquidation proceeds of a company. A holder of Notes will generally have a deemed substantial interest if such holder has the ownership of, or other rights over, shares in, or profit certificates issued by, a company that represent less than 5 per cent. of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares, profit certificates and/or rights thereover have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment; and
- (v) if such holder is an individual, such income or capital gain does not form a "benefit from miscellaneous activities" in the Netherlands (*resultaat uit overige werkzaamheden*) which, for instance, would be the case if the activities in the Netherlands with respect to Notes exceed "normal active asset management" (*normaal, actief vermogensbeheer*) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (a "lucrative interest"; *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

A holder of Notes will not be subject to taxation in the Netherlands by reason only of the execution, delivery and/or enforcement of the documents relating to an issue of Notes or the performance by Issuer of its obligations thereunder or under Notes.

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<sup>3</sup> Please note that, per 1 January 2015, the election regime will be replaced by a mandatory qualification as a 'qualifying foreign taxpayer' on the basis of certain objective criteria.

### ***Gift, Estate or Inheritance Taxes***

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of Notes by way of a gift by, or on the death of, a holder who is neither resident nor deemed to be resident in the Netherlands for Netherlands inheritance and gift tax purposes, unless in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance tax, an individual with the Netherlands nationality will be deemed to be resident in the Netherlands if such individual has been resident in the Netherlands at any time during the ten years preceding the date of the gift or the individual's death.

For purposes of Netherlands gift tax, an individual not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such individual has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

For purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

For purposes of Netherlands gift, estate and inheritance taxes, (i) a gift by a Trust, will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule, the Settlor's Beneficiaries, will be deemed to have inherited directly from the Settlor. Subsequently, the Beneficiaries will be deemed the Settlor of the Trust for purposes of the Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

### ***Value Added Tax***

There is no Netherlands value added tax payable in respect of payments in consideration for the issue of Notes, in respect of the payment of interest or principal under Notes, or the transfer of Notes.

### ***Other Taxes and Duties***

There is no Netherlands registration tax, capital tax, stamp duty or any other similar tax or duty payable in the Netherlands by a holder of Notes in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes or the performance of the obligations of Issuer under the Notes.

### ***Residence***

A holder of Notes will not be treated as a resident of the Netherlands by reason only of the holding of Notes or the execution, performance, delivery and/or enforcement of Notes.

### **The proposed financial transaction tax**

The European Commission has published a proposal for a Directive for a common financial transaction tax (*FTT*) in certain participating Member States.

The proposed FTT has very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions).

The FTT could apply to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in a participating Member State or (ii) the financial instruments are issued in a participating Member State.

The proposed Directive remains subject to negotiation between the participating Member States and subject to any legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement dated 27 May 2014 (the **Programme Agreement**) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer.

### Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospective Directive;
- (iii) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

### United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act, or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except

in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder. The relevant Final Terms will identify whether the TEFRA C Rules or TEFRA D Rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S. Accordingly, each dealer has represented and agreed that neither it nor its affiliates nor any persons acting on its or their behalf will engage in any directed selling efforts with respect to the notes, and it and they will comply with the offering restrictions requirement of Regulation S. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer, distributor or person receiving a selling concession, fee or other remuneration to which it sells any Notes during the distribution compliance period, at or prior to confirmation of sale, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S and affiliate has the meaning given to it in Rule 501(b) of Regulation D. under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

#### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to Notes having a maturity of less than one year from the date of issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the *FSMA*) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the *FIEA*) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

#### **France**

In respect of Notes constituting “*obligations*” under French law, each of the Dealers has represented and



agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) Offer to the public in France: it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (AMF), on or after the date of such publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, in the period beginning on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French Code monétaire et financier and the Règlement général of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the Base Prospectus; and
- (ii) Private placement in France: it has not offered, sold or otherwise transferred and will not offer, sell, or otherwise transfer, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French Code monétaire et financier.

## Italy

No application has been made by any person to obtain an authorization from the *Commissione Nazionale per le Società e la Borsa* (CONSOB) for the public offering ("*offerta al pubblico*") of the Notes in the Republic of Italy. Accordingly, no Notes can be offered, sold, delivered, distributed or made available in the Republic of Italy nor any copy of this Base Prospectus, any other document or offering material relating to the Notes can be distributed in the Republic of Italy except:

- (i) to qualified investors ("*investitori qualificati*"), as defined by CONSOB Regulation no. 11971 of 14 May 1999, as amended from time to time, implementing article 100, paragraph 1, letter (a) of the Italian Legislative Decree no. 58 of 24 February 1998, as amended (the **Italian Financial Act**) on the basis of the relevant criteria set out by the Prospectus Directive; or
- (ii) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products ("*offerta al pubblico di prodotti finanziari*") provided for by the Italian Financial Act and the relevant implementing regulations (including CONSOB Regulation no. 11971 of 14 May 1999, as amended) applies.

Any offer, sale or delivery of the Notes or any offering material relating to the Notes in the circumstances described in the preceding paragraphs (i) and (ii) shall be made:

- (i) only by banks, investment firms ("*imprese di investimento*") or financial institutions enrolled with the register provided for under article 106 of Italian Legislative Decree no. 385 of 1 September 1993, as subsequently amended from time to time (the **Italian Banking Act**), in each case to the extent duly authorised to engage in the placement and/or underwriting ("*sottoscrizione e/o collocamento*") of financial instruments ("*strumenti finanziari*") in the Republic of Italy in accordance with the Italian Banking Act, the Italian Financial Act and the relevant implementing regulations;
- (ii) only to qualified investors ("*investitori qualificati*") as set out above; and
- (iii) in accordance with all applicable Italian laws and regulations, including all relevant Italian securities and tax laws and regulations and any limitations as may be imposed from time to time by CONSOB or the Bank of Italy.

## **People's Republic of China**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that neither it nor its affiliates has offered or sold or will offer or sell, directly or indirectly, any of the Notes in the People's Republic of China (for such purposes, excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan), except as permitted by applicable securities laws and regulations of the People's Republic of China.

## **Hong Kong**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (*SFO*)) other than (a) to "professional investors" as defined in the SFO and any rules made under that the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Winding Up and Miscellaneous Provisions) (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree.

## GENERAL INFORMATION

### Authorisation

No authorisation procedures are required of the Issuer under French law for the establishment or updating of the Programme. However, to the extent that Notes issued under the Programme may constitute *obligations* under French law, issues of such Notes have been authorised by a resolution of the *Assemblée Générale* of the Issuer dated 7 May 2013.

### Documents Available

So long as Notes are capable of being issued under the Programme or any Notes remain outstanding, copies of the following documents (including any English translations, where applicable) will, when published, be available during usual business hours on any weekday (Saturdays and public holidays excepted) for inspection at and copies may be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London, Paris and Luxembourg:

- (i) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus;
- (ii) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (iii) the *statuts* of the Issuer;
- (iv) the consolidated and non-consolidated audited annual financial statements of the Issuer in respect of the financial years ended 31 December 2013 and 2012;
- (v) the most recently published consolidated and non-consolidated audited annual financial statements of the Issuer and the most recently published interim financial statements of the Issuer (in each case with, an English translation or version thereof); and
- (vii) each Final Terms for Notes listed on the official list of the Luxembourg Stock Exchange or any other stock exchange.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system (including Euroclear France) the appropriate information will be specified in the applicable Final Terms. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L- 1855 Luxembourg, Grand-Duchy of Luxembourg.

The Notes may be accepted for clearing through the CMU. The CMU is the book-entry clearing system operated by the Hong Kong Monetary Authority (*HKMA*), the government authority in Hong Kong with responsibility for maintaining currency and banking stability. The CMU comprises computerised clearing, settlement and custodian facilities for bills, notes, and bonds issued by the government of the Hong Kong Special Administrative Region, and debt securities issued by both public and private sector entities. The CMU offers the services including real time and end-of day delivery against payment for all CMU securities denominated in Hong Kong dollar, U.S. dollars, Euros and RMB and cross-border delivery against payment settlement via regional central securities depositories (CSDs) and international central securities depositories (ISCDs) such as Euroclear and Clearstream, Luxembourg.

### Significant or Material Change

Except as disclosed on pages F-24 to F-25, F-70 and F-79 of the 2013 Document de Référence, incorporated by reference in this Base Prospectus, there has been no significant change in the consolidated financial or trading position of the Issuer or the Group which is material in the context of the Programme or the issue and offering of the Notes thereunder since 31 December 2013 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2013.

### Litigation

Save as disclosed on Pages F-66 to F-67 of the 2013 Document de Référence incorporated by reference in this Base Prospectus, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had, during the 12 months preceding the date of this Base Prospectus, significant effects on the financial position or profitability of the Issuer or the Group, nor so far as the Issuer is aware is any such governmental, legal or arbitration proceeding pending or threatened.

### **Material Contracts**

Save as disclosed Page 179 of the 2013 Document de Référence, incorporated by reference in this Base Prospectus, the Issuer has not entered into contracts outside the ordinary course of the Issuer's business, which could result in the Issuer or any member of the Group being under an obligation or entitlement that is material to the issuer's ability to meet its obligations to holders of Notes in respect of the Notes being issued.

### **Conflicts of Interest**

There are no Conflicts of Interest in relation to Administrative, Management and Supervisory Bodies and their private interests and or other duties except as disclosed in Page 84 of the 2013 Document de Référence.

### **Auditors**

The statutory auditors of the Issuer are Deloitte & Associés (represented by Frédéric Gourd and Pascal Pincemin) and Ernst & Young et Autres (represented by Christian Mouillon and Nicolas Macé). Deloitte & Associés and Ernst & Young et Autres are regulated by the *Haut Conseil du Commissariat aux Comptes* and are duly authorised as *Commissaires aux comptes* in France.

Deloitte & Associés and Ernst & Young et Autres, as joint statutory auditors, have audited the consolidated annual financial statements of the Issuer for the financial years ended 31 December 2013 and 31 December 2012, and given unqualified reports thereon, in accordance with generally accepted auditing standards in France (**French GAAS**). The consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013 were audited by Deloitte & Associés (represented by Frédéric Gourd and Arnaud de Planta) and Ernst & Young et Autres (Alain Perroux and Nicolas Macé) and unqualified reports were given thereon, in accordance with French GAAS.

### **Contracts (Rights of Third Parties) Act 1999 (the Act)**

The Act was enacted on 11 November 1999 and provides that persons who are not parties to a contract governed by the laws of England and Wales or of Northern Ireland may be given enforceable rights under such contract. Unless specifically provided in the relevant Final Terms, this Programme expressly excludes the application of the Act to any issue of Notes under the Programme.

### **Publication of Base Prospectus and Final Terms**

This Base Prospectus and each set of Final Terms will be published in electronic form on the website of the Luxembourg Stock Exchange ("www.bourse.lu"). The Final Terms issued in respect of any Notes admitted to trading on a stock exchange other than the Regulated Market will be available free of charge at the registered office of the Issuer and from the office of the Paying Agent with a specified office in the city of such stock exchange.

**THE ISSUER**

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