

## BASE PROSPECTUS



**LAFARGE**

*(Incorporated as a société anonyme in France)*

**€9,000,000,000**

### **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 €9,000,000,000 Euro Medium Term Note Programme (the “**Programme**”). This Base Prospectus supersedes and replaces the Base Prospectus dated 12 June, 2007. 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 €9,000,000,000 (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 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 FIMD 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 Financial Instrument Markets Directive (Directive 2004/39/EC) (each such market being an “**FIMD Regulated Market**”). The Issuer may also issue Notes under the Programme that are not listed on an FIMD 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 FIMD Regulated Market or stock exchange(s) in the EEA.

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 the pro forma 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.

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.

*Arranger*

**BNP Paribas**

*Dealers*

**ABN AMRO**

**BNP PARIBAS**

**Citi**

**Barclays Capital**

**Calyon Crédit Agricole CIB**

**Deutsche Bank**

**HSBC**

The date of this Base Prospectus is 14 April, 2008

*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**”) 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 any document which is or may be incorporated herein by reference in accordance with Article 28 of Commission Regulation (EC) no. 809/2004 (the “**Prospectus Regulation**”) (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 and the United States (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 REGULATIONS 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.*

*References in this Base Prospectus to the "Regulated Market" of the Luxembourg Stock Exchange are to the FIMD Regulated Market of the Luxembourg Stock Exchange.*

## RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Base Prospectus. 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.



Jean-Jacques Gautier

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## SUMMARY

*This summary must be read as an introduction to this Base Prospectus. Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated herein by reference, by any investor. Following implementation of the relevant provisions of the Prospectus Directive as supplemented by the European Commission Regulation No.809/2004 (the “**Prospectus Regulation**”), in each EEA Member State, no civil liability will attach to the Issuer on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in an EEA Member State, the plaintiff may, under the national legislation of the EEA Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.*

Words and expressions defined in “Terms and Conditions of the Notes” below and in the applicable Final Terms shall have the same meanings in this summary.

### Issuer

Lafarge S.A. (a *société anonyme*). The Issuer may, without the consent of the Noteholders, the Couponholders or the Receipholders (as defined in “Terms and Conditions of the Notes”), appoint one of its Principal Subsidiaries (also as defined in “Terms and Conditions of the Notes”) to act as an additional issuer under the Programme (an “**Additional Issuer**”).

### Description of Issuer

Lafarge is a limited company incorporated under French company law having its registered office in Paris, France. Lafarge is registered as a company under the number 542 105 572 RCS Paris with the registrar of the Paris Commercial Court (*Tribunal de commerce de Paris*).

Based on sales, Lafarge is the world leader in construction materials. The Group’s operations are currently organized into three Divisions, each of which holds a leading position in its respective market: Cement, Aggregates & Concrete and Gypsum. In the financial year 2007, the Group achieved sales of €17.6 billion, current operating income<sup>1</sup> of €3.2 billion and net income Group share of €1.9 billion and at year end had total assets amounting to €28.3 billion.

After the acquisition of Orascom Cement, completed January 23, 2008, the Group currently employs approximately 90,000 people in 76 countries. Its expertise in efficient industrial production, conservation of natural resources and respect for both society and the environment has been implemented around the world.

### Risk Factors

There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. The following risk factors related to the Issuer and its industry are described in more detail under “Risk Factors” below:

- (i) Risks inherent to growing markets;
- (ii) Energy and fuel costs
- (iii) Industrial and environmental risks
- (iv) Risks inherent to the Issuer’s financial organization;
- (v) Risks inherent to the Issuer’s equity investments;
- (vi) Availability of raw materials;
- (vii) Pension plans;

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<sup>1</sup> Operating income before capital gains, impairment, restructuring and other. This measure excludes the items of the Issuer’s operating results that are by nature unpredictable in their amount and/or in their frequency, such as capital gains, asset impairments and restructuring costs.

- (viii) Market risk;
- (ix) Foreign currency risk;
- (x) Interest rate risk; and
- (xi) Commodity risk.

In addition, there are certain factors which are material for the purpose of assessing the risks associated with Notes issued under the Programme, including the following:

- (i) Prospective investors must base any investment decision on independent review and advice;
- (ii) The conditions of the Notes permit modifications, waivers and substitutions binding on all Noteholders to be effected by defined majorities of Noteholders;
- (iii) Conflicts may arise between the interests of the Issuer, the Dealer(s) or the Calculation Agent and the Interests of Noteholders;
- (iv) The trading market for debt securities may be volatile and may be adversely impacted by many events;
- (v) An active trading market for the Notes may not develop;
- (vi) The Notes may be redeemed prior to maturity;
- (vii) A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs;
- (viii) A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes;
- (ix) Fixed Rate Notes may change in value due to changes in interest rates;
- (x) Investors will not be able to calculate in advance their rate of return on Floating Rate Notes;
- (xi) Zero coupon notes are subject to higher price fluctuations than non-discounted notes;
- (xii) Foreign currency notes expose investors to foreign-exchange risk as well as to issuer risk;
- (xiii) Holders of Subordinated Notes risk receiving 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;
- (xiv) Investments in Index Linked Notes entail significant risks and may not be appropriate for investors lacking financial expertise; and
- (xv) The 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.

Please see "Risk Factors" below for further details.

**Programme Amount**

Up to €9,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme at any time in accordance with the terms of the amended and restated programme agreement dated 14 April, 2008 (the "**Programme Agreement**").

**Currencies**

Notes may be denominated in any currency or currencies agreed between the Issuer and the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory restrictions.

**Maturities**

Subject to compliance with all relevant laws, regulations and

directives, any maturity from one month from the date of original issue.

**Form of Notes**

The Notes will be issued in bearer form only (“**Bearer Notes**”) as described in “Form of the Notes”.

**Financial Terms**

The financial terms and conditions of the Notes of each Series will be set out in the applicable Final Terms.

**Denominations of Notes**

Notes will be issued in such denominations as may be agreed between the Issuer and the Relevant Dealer, as specified in the applicable Final Terms, save that:

(i) (as this Base Prospectus has not been approved by the relevant competent authority of the Issuer’s country of incorporation for the purposes of the Prospectus Directive), in the case of any Notes admitted to trading on an FIMD Regulated Market or offered to the public within the territory of any EEA State, in each case 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 those Notes); and

(ii) the minimum denomination of each Note will be such 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.

**Specified Interest Payment Dates, Interest Periods and Rates of Interest**

The relevant Final Terms will specify whether or not the Notes bear interest, the method of and periods for, the calculation of such interest (which may differ from time to time or be constant for any Series) and the dates on which any such interest shall be payable.

**Fixed Rate Notes**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the Relevant Dealer and on redemption, and will be calculated on the basis of such Fixed Day Count Fraction (as defined in “Terms and Conditions of the Notes – Interest”) as may be agreed between the Issuer and the Relevant Dealer, as specified in the applicable Final Terms.

**Floating Rate Notes**

Floating Rate Notes will bear interest at a rate determined:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency 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 relevant Series); or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

**Dual Currency Notes**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies and based upon such rates of exchange as are agreed between the Issuer and the relevant Dealer(s) prior to issue and set out in the applicable Final Terms.

**Index Linked Notes**

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked

**Other Provisions in relation to Floating Rate Notes and Index Linked Interest Notes**

Interest Notes will be calculated by reference to such Index and/or Formula or to changes in the prices of securities or commodities or to such other factors as are agreed between the Issuer and the relevant Dealer(s) prior to issue and set out in the applicable Final Terms.

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Floating Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

**Physical Delivery Notes**

Notes may be issued the redemption of which is made by physical delivery of an equity security or any other asset (an “**Underlying Asset**”). The terms and conditions applicable to Physical Delivery Notes shall be as set out in the applicable Final Terms. Payments (whether in respect of principal and/or of interest and whether at maturity or otherwise) in respect of Physical Delivery Notes and any delivery of any Underlying Asset(s) in respect of Physical Delivery Notes will be made in accordance with of the applicable Final Terms.

**Zero Coupon Notes**

Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest other than in the case of late payment.

**Other Notes**

Terms applicable to any other type of Note which the Issuer and any Dealer or Dealers may agree from time to time to issue under the Programme will be set out in the relevant Final Terms.

**Redemption**

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

If the Change of Control Put Option is specified in the Relevant Final Terms, 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.

**Taxation**

The Notes being issued outside France, interest and other revenues in respect of the Notes benefit from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (General Tax Code) from deduction of tax at source as provided in Condition 7. Accordingly, such payments do not give the right to any tax credit from any French source. In the event that any such deduction is made, the Issuer will,

save in certain limited circumstances provided in Condition 7 and to the fullest extent then permitted by law, be required to pay additional amounts to cover the amounts so deducted.

**Status of the Unsubordinated Notes**

Unsubordinated Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) 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 with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

**Status of the Subordinated Notes**

The Issuer may issue Subordinated Notes which constitute Ordinary Subordinated Notes or Deeply Subordinated Notes, as described in Condition 2(b). See “Terms and Conditions of the Notes — Status of the Notes”.

**Negative Pledge**

The terms of the Notes will contain a negative pledge provision as further described under Condition 3 of the Terms and Conditions of the Notes. The negative pledge shall not apply to Subordinated Notes.

**Cross Default**

The terms of the Notes will contain a cross-default provision as further described in Condition 9 of the Terms and Conditions of the Notes.

**Ratings**

Tranches of Notes to be issued under the Programme may be rated or unrated. Details of the rating, if any, assigned to an issue of Notes by the relevant rating organisation will be set out in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the relevant organisation.

**Listing and admission to trading**

Application has been made to list the Notes issued under the Programme to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. Notes may also be listed on the official list of the Luxembourg Stock Exchange or on such other or additional stock exchanges as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series and specified in the applicable Final Terms, or may be unlisted. The applicable Final Terms will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

**Governing Law**

The Notes will be governed by and construed in accordance with English law, other than Condition 2(b), which, if applicable, will be governed by, and construed in accordance with, French law.

**Selling Restrictions**

There are restrictions on the sale of Notes and the distribution of the Base Prospectus in various jurisdictions, including the European Economic Area and certain of its Member States, the United Kingdom, the United States and Japan. See “Subscription and Sale”. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

## 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.*

### FACTORS RELATING TO THE ISSUER AND ITS OPERATIONS

#### **Risks inherent to growing markets**

In 2007, the Issuer derived approximately 37% of its revenues from emerging markets, which the Issuer defines as countries outside Western Europe and North America other than Japan, Australia and New Zealand. The Issuer's growth strategy focuses significantly on opportunities in emerging markets and it expects that an increasing portion of the Issuer's total revenues and results will continue to come from such markets. Following the acquisition of Orascom Cement approximately 65% of the Issuer's consolidated revenues should be derived from these markets as of 2010. The Issuer's increased presence in emerging markets exposes it to risks such as volatility in gross domestic products, significant and unstable currency fluctuations, political, financial and social uncertainty and unrest, high rates of inflation, the possible implementation of exchange controls, less certainty regarding legal rights and enforcement mechanisms and potential nationalization or expropriation of private assets, any of which could damage or disrupt the Issuer's operations in a given market. The Issuer's operations being spread over a great number of these markets, it is able to minimize risks as none of these countries individually accounts for more than 6% of the Group's current operating income before amortization and depreciation.

#### **Energy and fuel costs**

The Issuer's operations consume significant amounts of energy and fuel, the cost of which in many parts of the world has increased continuously in recent years. The Issuer protects itself to some extent against rising energy and fuel costs through long-term supply contracts and forward energy agreements, and by equipping many of the Issuer's plants to switch between several fuel sources, including alternative fuels such as used oil, recycled tires and other recycled materials or industrial by-products. Despite these measures, energy and fuel costs have significantly affected, and may continue to affect, the Issuer's results of operations and profitability.

#### **Industrial and environmental risks**

The Issuer's operations are regulated extensively by national and local governments, particularly in the areas of land use and protection of the environment. Overall the risk that the Issuer's industrial operations could constitute an environmental hazard as a result of accidental events is remote. While the Issuer is not currently aware of any environmental liabilities or of any non-compliance with environmental regulations that the Issuer expects will have a material adverse effect on its financial condition or results of operations, environmental matters cannot be predicted with certainty and there can be no absolute assurance that the amounts the Issuer has budgeted and reserved will be sufficient.

#### **Risks inherent to the Issuer's financial organization**

The Issuer is a holding company with no significant assets other than direct and indirect interests in the many subsidiaries through which it conducts operations. A number of the Issuer's subsidiaries are located in countries that may impose regulations restricting the payment of dividends outside of the country through exchange control regulations. To the Issuer's knowledge, aside from North Korea there are currently no countries in which the Issuer operates that restrict payment of dividends. Furthermore, the continued transfer to the Issuer 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. The Issuer does not believe that any of these covenants or restrictions will have a material impact on the Issuer's ability to meet the Issuer's financial obligations. However, this could change in the future.

#### **Risks inherent to some of the Issuer's equity investments**

The Issuer does not have a controlling interest in some of the businesses in which the Issuer has invested and may make future investments in which the Issuer will not have a controlling interest. Some key matters, such as the approval of business plans and the timing and amount of cash distributions, may require the consent of the Issuer's partners or may be approved without the Issuer's consent. These and other limitations arising from the Issuer's investments in companies it does not control may prevent it from achieving the Issuer's objectives for these investments.

### **Availability of raw materials**

The Issuer generally maintains its own reserves of limestone, gypsum, aggregates and other materials that it uses to manufacture the Issuer's products. Increasingly, however, the Issuer obtains certain raw materials from third parties who produce such materials as by-products of industrial processes, such as synthetic gypsum, slag and fly ash. While the Issuer tries to secure its needed supply of such materials through long-term renewable contracts, it does not have short-term contracts in certain countries. Should the Issuer's existing suppliers cease operations or reduce or eliminate production of these by-products, the Issuer's costs to procure these materials may increase significantly or it may be obliged to procure alternatives to replace these materials.

### **Pension plans**

The Issuer has obligations under its defined benefit pension plans, located mainly in the United Kingdom and North America. Future adverse changes in the financial markets, or decreases in interest rates, could result in potential significant increases in the Issuer's pension expenses and funding requirements. In addition, the Issuer may need to fund the Issuer's pension obligations, which could have a significant adverse effect on the Issuer's financial condition.

### **Market risks**

The Issuer is exposed to foreign currency risk and interest rate risk. The Issuer is also exposed to other market risk exposures generated by the Issuer's equity investments, commodity price changes, in particular on energy commodities, and to counterparty and liquidity risks. The Issuer has defined strict policies and procedures to measure, manage and monitor the Issuer's market risk exposures. The Issuer's policies do not permit any speculative market position. The Issuer has instituted management rules based on the segregation of operations, financial and administrative control and risk measurement. The Issuer has also instituted an integrated system for all operations managed at corporate level that permits real-time monitoring of hedging strategies. The Issuer's policy is to use derivative instruments to hedge the Issuer's exposure to exchange rate and interest rate risks. The Issuer also uses derivative instruments from time to time to manage the Issuer's exposure to commodity risks. With the prior authorization of the Issuer's senior management, the Issuer has occasionally entered into agreements to limit the Issuer's or another party's exposure to equity risk. The Issuer uses financial instruments only to hedge existing or anticipated financial and commercial exposures. The Issuer undertakes this hedging in the over-the-counter market with a limited number of highly rated counterparties. The Issuer's positions in derivative financial instruments are monitored using various techniques, including the fair value approach. In order to reduce the Issuer's exposure to the risks of currency and interest rate fluctuations, it manages its exposure both on a central basis through the Issuer's treasury department and in conjunction with some of the Issuer's subsidiaries. The Issuer uses various standard derivative financial instruments, such as forward exchange contracts, interest rate and currency swaps and forward rate agreements to hedge currency and interest rate fluctuations on assets, liabilities and future commitments, in accordance with guidelines established by the Issuer's senior management. The Issuer is subject to commodity risk with respect to price changes principally in the energy and sea freight markets. From time to time, the Issuer uses derivative financial instruments to manage the Issuer's exposure to these commodity risks. The Issuer is also subject to equity risk through the Issuer's minority holdings in certain public companies. The Issuer occasionally enters into transactions with respect to its equity investments with financial institutions. The Issuer accounts for such instruments by taking the fair value at period end in accordance with applicable valuation rules. In addition, in regard to certain joint ventures and other acquisitions, the Issuer has entered into shareholders agreements, which have written call and put options with respect to the Issuer's and the Issuer's partners' interests.

### **Foreign currency risk**

#### *Translation risk*

The Issuer is exposed to foreign currency risk and interest rate risk. The Issuer is also exposed to other market risk exposures generated by the Issuer's equity investments, commodity price changes, in particular on energy commodities, and to counterparty and liquidity risks. The Issuer has defined strict policies and procedures.

The assets, liabilities, income and expenses of the Issuer's operating entities are denominated in various currencies. The Issuer's consolidated financial statements are presented in euros. Consequently, assets, liabilities, income and expenses denominated in currencies other than the euro must be translated into euros at the applicable exchange rate to be included in the Issuer's consolidated financial statements.

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. Thus, increases and decreases in the value of the euro can have an

impact on the value in euros of the Issuer's non-euro assets, liabilities, income and expenses, even if the value of these items has not changed in their original currency. In 2007, the Issuer earned approximately 72% of its revenues in currencies other than the euro, with approximately 29% denominated in U.S. dollars or Canadian dollars.

Approximately 19% of the Issuer's net income, Group share was contributed by subsidiaries preparing their financial statements in U.S. dollars or Canadian dollars. As a result, a 10% change in the U.S. dollar/euro exchange rate and in the Canadian dollar/euro exchange rate would have an impact on the Issuer's net income, Group share of approximately 37 million euros, all other things being equal.

In addition, at the end of 2007, approximately 77% of the Issuer's capital employed was located outside the member states of the European Monetary Union, with approximately 30% denominated in U.S. dollars or Canadian dollars.

#### *Transaction risk*

The Issuer is subject to foreign exchange risk as a result of its purchase and sale transactions in currencies other than their operating currencies. With regard to transactional foreign currency exposures, the Issuer's policy is to hedge all material foreign currency exposures through derivative instruments at the latest when a firm commitment is entered into or 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 are 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. Exposures are centralized and hedged with corporate treasury department using foreign currency derivative instruments when local regulations permit. Otherwise, the Issuer's exposures are hedged with banks. The corporate treasury department returns its position in the market, and attempts to reduce the Issuer's overall exposure by netting purchases and sales in each currency on a global basis when feasible. As far as financing is concerned, the Issuer's general policy is for subsidiaries to borrow and invest excess cash in the same currency as their functional currency, except for subsidiaries operating in growing markets, where cash surpluses are invested, whenever it is possible, in U.S. dollars or in euros. A significant portion of the Issuer's financing is in U.S. dollars and British pounds, reflecting the Issuer's significant operations in these countries. Part of this debt was initially raised in euros at parent company level then converted into foreign currencies through currency swaps. At December 31, 2007, before these currency swaps, 19% of the Issuer's total debt was denominated in U.S. dollars and 13% in British pounds. After taking into account the swaps, the Issuer's U.S. dollar denominated debt amounted to 37% of the Issuer's total debt, while the Issuer's British pound denominated debt represented 11%.

#### **Interest rate risk**

The Issuer is exposed to interest rate risk through the Issuer's debt and cash. The Issuer's interest rate exposure can be sub-divided into 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 Issuer. In accordance with the general policy established by the Issuer's senior management it seek to manage these two types of risks, including the use of interest rate swaps and forward rate agreements. The Issuer's corporate treasury department manages the Issuer's financing and hedges interest rate risk exposure in accordance with rules defined by the Issuer's senior management in order to keep a balance between fixed rate and floating rate exposure. Before taking into account the interest rate swaps, at December 31, 2007, 64% of the Issuer's total debt was fixed-rate. After taking into account these swaps, the portion of fixed rate debt amounted to 55%.

#### **Commodity risk**

The Issuer is subject to commodity risk with respect to price changes mainly in the electricity, natural gas, petcoke, coal, fuel, diesel, and sea freight markets. The Issuer attempts to limit its exposure to changes in commodity prices by entering into long-term contracts and increasing the Issuer's use of alternative fuels. From time to time, and if the market exists, the Issuer hedges the Issuer's material commodity exposures through derivative instruments at the latest when a firm commitment is entered into or known or when future cash flows are highly probable. These derivative instruments are generally limited to swaps and

options, with *ad hoc* terms. The Issuer does not enter into commodities contracts other than for hedging purposes.

## **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**

Each of the Issuer, the Dealer(s) or their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with any issuer of the securities taken up in an index, their respective affiliates or any guarantor or any other person or entities having obligations relating to any issuer of the securities taken up in an index or their respective affiliates or any guarantor in the same manner as if any index-linked Notes issued under the Programme did not exist, regardless of whether any such action might have an adverse effect on an issuer of the securities taken up in the index, any of their respective affiliates or any guarantor.

The Issuer may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the 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 tax impact on Noteholders generally in the United Kingdom, France and Luxembourg 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.

**Investments in Index Linked Notes entail significant risks and may not be appropriate for investors lacking financial expertise**

An investment in Index Linked Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. The Issuer believes that Index Linked Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in these instruments involves. These risks include, among other things, the possibility that:

- such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer at the same time;
- the repayment of principal can occur at times other than that expected by the investor;
- the holder of an Index Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on the Index Linked Note;
- the risks of investing in an Index Linked Note encompass both risks relating to the underlying indexed securities and risks that are unique to the Note itself;
- an Index Linked Note that is indexed to more than one type of underlying asset, or on formulas that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;
- it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Notes; and
- a significant market disruption could mean that the index on which the Index Linked Notes are based ceases to exist.

In addition, the value of Index Linked Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Index Linked Notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, commodity, stock, interest rate or other index, including the volatility of the applicable currency, commodity, stock, interest rate or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, commodity, stock, interest rate or other index depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, commodity, stock, interest rate or other index will be increased. The historical experience of the relevant currencies, commodities, stocks, interest rates or other indices should not be taken as an indication of future performance of such currencies, commodities, stocks, interest rates or other indices during the term of any Index Linked Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Notes.

The credit ratings assigned to the Issuer's medium-term note programme are a reflection of the credit status of the Issuer, and in no way are a reflection of the potential impact of any of the factors discussed above, or any other factors, on the market value of any Index Linked Note. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

Various transactions by the Issuer could impact the performance of any Index Linked Notes, which could lead to conflicts of interest between the Issuer and holders of its Index Linked Notes.

The Issuer is active in the international securities and currency markets on a daily basis. It may thus, for its own account or for the account of its subsidiaries, engage in transactions directly or indirectly involving assets that are "reference assets" under Index Linked Notes and may make decisions regarding these transactions in the same manner as it would if the Index Linked Notes had not been issued. The Issuer and its affiliates may on the issue date of the Index Linked Notes or at any time thereafter be in possession of information in relation to any reference assets that may be material to holders of any Index Linked Notes and that may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuer to disclose any such business or information to the Noteholders.

None of the Issuer, the Dealer(s) or any of their respective affiliates makes any representation as to any index. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to an index that is or may be material in the context of Index-Linked Notes. The issue of Index Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholders or any other party such information (whether or not confidential).

**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.

## 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 in, and form part of, this Base Prospectus:

- (a) the annual report of the Issuer for the financial year 2006 on Form 20-F (the “**2006 Form 20-F**”).
- (b) the 2007 *Rapport Annuel: Document de Référence* registered with the *Autorité des Marchés Financiers* 28 March 2008 (the **Document de Référence**).

### CROSS-REFERENCE LIST RELATING TO HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE 2007 DOCUMENT DE REFERENCE AND 2006 FORM 20-F

<b>Annex IV</b>	<b>Document &amp; page reference</b>
<b>3. SELECTED FINANCIAL INFORMATION</b>	
3.1 Selected historical financial information regarding the Issuer	Pages 7 to 10 of the 2007 Document de Référence
<b>5. INFORMATION ABOUT THE ISSUER</b>	
<b>5.1 History and Developments of the Issuer</b>	
5.1.1 The legal and commercial name of the Issuer.	Page 16 of the 2007 Document de Référence
5.1.2 The place of registration of the Issuer and its registration number.	Page 17 of the 2007 Document de Référence
5.1.3 The date of incorporation and the length of life of the Issuer.	Page 17 of the 2007 Document de Référence
5.1.4 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.	Page 17 of the 2007 Document de Référence
<b>5.2 Investments</b>	
5.2.1 A description of the principal investments made since the date of the last published financial statements.	Pages 18 to 19 of the 2007 Document de Référence
5.2.2 Information concerning the Issuer’s principal future investments, on which its management bodies have already made firm commitments.	Page 19 of the 2007 Document de Référence
5.2.3 Information regarding the anticipated sources of funds needed to fulfil commitments referred to in the preceding section.	Page 19 of the 2007 Document de Référence
<b>6. BUSINESS OVERVIEW</b>	
<b>6.1 Principal Activities</b>	
6.1.1 A description of the Issuer’s principal activities stating the main categories of products sold and/or services performed.	Pages 20 to 33 of the 2007 Document de Référence
<b>6.2 Principal Markets</b>	
A brief description of the principal markets in which the Issuer competes.	Pages 22 to 33 of the 2007 Document de Référence
6.3 The basis for any statements made by the Issuer regarding its competitive position.	Page 22-32 of 2007 Document de Référence
<b>7. ORGANISATIONAL STRUCTURE</b>	
7.1 If the Issuer is part of a group, a brief description of the group and of the Issuer’s position within it.	Page 34 of 2007 Document de Référence
<b>8. TREND INFORMATION</b>	
8.2 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 81 of the 2007 Document de Référence
<b>10. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY</b>	

<b>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 by them outside the Issuer where these are significant with respect to the Issuer.	Pages 84 to 93 of the 2007 Document de Référence
<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 9.1 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.	Page 88 of the 2007 Document de Référence
<b>11.</b>	<b>BOARD PRACTICES</b>	
<b>11.1</b>	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 93 to 98 of the 2007 Document de Référence
<b>11.2</b>	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 93 to 97 of the 2007 Document de Référence
<b>12.</b>	<b>MAJOR SHAREHOLDERS</b>	
<b>12.1</b>	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 110 to 112 of the 2007 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>	Audited historical financial information covering the latest 2 financial years:	
	(a) consolidated balance sheet;	Page F-5 of the 2007 Document de Référence
	(b) consolidated income statement;	Page F-6 of 2006 Form 20-F Page F-4 of the 2007 Document de Référence
	(c) consolidated cash flow statement;	Page F-5 of 2006 Form 20-F Pages F-6 to F-7 of the 2007 Document de Référence
	(d) consolidated statement of changes in equity; and	Page F-7 to F-8 of 2006 Form 20-F Pages F-8 to F-9 of the 2007 Document de Référence
	(e) accounting policies and explanatory notes.	Page F-9 to F-10 of 2006 Form 20-F Pages F-10 to F-83 (from Notes 1 to 35) of the 2007 Document de Référence Page F-11 to F89 of 2006 Form 20-F (excluding Notes 36 and 37)
<b>13.6</b>	<b>LEGAL AND ARBITRATION PROCEEDINGS</b> Information on any governmental, legal or arbitration 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.	Page F-77 (Note 29 <i>Procédures judiciaires et d'arbitrage</i> ) of the 2007 Document de Référence

<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.	Page F-80 of the 2007 Document de Référence
<b>14</b>	<b>ADDITIONAL INFORMATION</b>	
<b>14.1</b>	<b>SHARE CAPITAL</b>	
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.	Pages 118 to 119 of the 2007 Document de Référence
<b>14.2</b>	<b>MEMORANDUM AND ARTICLES OF ASSOCIATION</b>	
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 119 to 121 of the 2007 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 122 of the 2007 Document de Référence

For the avoidance of doubt, the information contained in the Issuer's annual reports on Form 20-F for 2006 and in the 2007 Document de Référence which is not listed in the above table is provided 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

*The following description of the Programme does not purport to be complete, and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the Terms and Conditions set out on pages 32 to 51 and the applicable Final Terms. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this general description.*

<b>Issuer:</b>	<p>Lafarge S.A.</p> <p>The Issuer may, without the consent of the Noteholders, the Couponholders or the Receiptholders as defined in “Terms and Conditions of the Notes”), appoint one of its Principal Subsidiaries (also as defined in “Terms and Conditions of the Notes”) to act as an additional issuer under the Programme (an “<b>Additional Issuer</b>”).</p> <p>In the event of such appointment the Issuer and the Additional Issuer shall prepare a supplementary Base Prospectus and shall execute, and procure that the Additional Issuer and, where necessary, the other parties to the Agency Agreement (as defined in “Terms and Conditions of the Notes”) shall execute, any other documentation as may be necessary to give full effect to the appointment of the Additional Issuer under the Programme, including, without limitation, a supplemental programme agreement, a supplemental agency agreement, global notes and a deed of covenant. The Additional Issuer shall, upon execution of such supplemental documentation, be bound by the terms of this Programme as if originally named as an issuer hereunder. All payments payable by the Additional Issuer in respect of notes issued by it under this Programme shall be guaranteed by Lafarge as guarantor in favour of each Noteholder, Couponholder and Receiptholder, such guarantee being in form and content reasonably acceptable to each of the Dealers.</p>
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	BNP PARIBAS
<b>Dealers:</b>	<p>ABN AMRO Bank N.V.</p> <p>Barclays Bank PLC</p> <p>BNP PARIBAS</p> <p>Calyon</p> <p>Citigroup Global Markets Limited</p> <p>Deutsche Bank AG, London Branch</p> <p>HSBC Bank plc</p> <p>and any other Dealers appointed in accordance with the Programme Agreement.</p>
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.
<b>Issuing and Principal Paying Agent:</b>	Citibank, N.A.
<b>Programme Size:</b>	<p>Up to €9,000,000,000 (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.</p> <p>For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:</p> <p>(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</p>

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;

- (b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, described under “Form of the Notes”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) 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.

**Distribution:** Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Currencies:** Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.

**Denomination of Notes:** Notes will be issued (or, in the case of Notes denominated in euro, deemed to be issued) in such denominations as may be agreed between the Issuer and the relevant Dealer, save that (i) the minimum denomination of each Note will be such 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 and (ii) as this Base Prospectus has not been approved by the relevant competent authority of the Issuer’s country of incorporation for the purposes of the Prospectus Directive, in the case of any Notes admitted to trading on an FIMD Regulated Market or offered to the public within the territory of any EEA State, in each case 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 those Notes). See “Certain Restrictions” above and “Maturities” below.

**Redenomination:** The applicable Final Terms may provide that certain Notes may be redenominated in euro.

The relevant provisions applicable to any such redenomination shall be set out in the relevant Final Terms.

**Maturities:** Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities 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 Issuer or the relevant Specified Currency.

Notes having a maturity of less than one year from the date of issue will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000, unless they are issued to a limited class of professional investors within the meaning of Article 9(2)(a) of the Financial Services and Markets Act (Regulated Activities) Order 2005 and have a denomination and redemption value of at least £100,000 or its equivalent in other currencies.

**Issue Price:** Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:** The Notes will be issued in bearer form as described in “Form of the Notes”. Notes will either be Subordinated Notes or Unsubordinated Notes as specified in the applicable Final Terms.

<b>Fixed Rate Notes:</b>	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Fixed Day Count Fraction (as defined in "Terms and Conditions of the Notes – Interest") as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency 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 relevant Series); or</li> <li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer.</li> </ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p>
<b>Index Linked Notes:</b>	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
<b>Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:</b>	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Floating Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>
<b>Physical Delivery Notes:</b>	<p>Notes may be issued whose redemption is made by physical delivery of an equity security or any other asset (an "<b>Underlying Asset</b>"). The terms and conditions applicable to Physical Delivery Notes shall be as set out in the applicable Final Terms. Payments (whether in respect of principal and/or of interest and whether at maturity or otherwise) in respect of Physical Delivery Notes and any delivery of any Underlying Asset(s) in respect of Physical Delivery Notes will be made as specified in the applicable Final Terms.</p> <p>In the case of Physical Delivery Notes and Index Linked Notes, the applicable Final Terms will (where applicable) contain provisions relating to adjustments with respect to Underlying Assets, any underlying index or indices, settlement disruption and market disruption (including, without limitation and where necessary, appropriate definitions of "<b>Potential Adjustment Events</b>", "<b>Settlement Disruption Event</b>" and "<b>Market Disruption Event</b>" and details of the consequences of such events).</p>
<b>Dual Currency Notes:</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
<b>Zero Coupon Notes:</b>	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.
<b>Redemption:</b>	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year from the date of issue are subject to restrictions on their denomination, redemption value and distribution. See “Maturities” above.

**Change of Control**

If the Change of Control Put Option is specified in the relevant Final Terms, 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.

**Taxation:**

The Notes being issued outside France, interest and other revenues in respect of the Notes benefit from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (General Tax Code) from deduction of tax at source as provided in Condition 7. Accordingly, such payments do not give the right to any tax credit from any French source. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7 and to the fullest extent then permitted by law, be required to pay additional amounts to cover the amounts so deducted.

**Negative Pledge:**

The terms of the Notes will contain a negative pledge provision as further described in Condition 3. The Negative Pledge shall not apply to Subordinated Notes.

**Cross Default:**

The terms of the Notes will contain a cross default provision as further described in Condition 9.

**Status of the Unsubordinated Notes:**

Unsubordinated Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) 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 with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

**Status of the Subordinated Notes:**

The Issuer may issue Subordinated Notes which constitute Ordinary Subordinated Notes or Deeply Subordinated Notes, as described in Condition 2(b). See “Terms and Conditions of the Notes — Status of the Notes”.

Ordinary Subordinated Notes will be unsecured, ordinary subordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and *pari passu* with any other Ordinary Subordinated Notes issued by, or other unsecured 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, as set out in Condition 2(b)(ii).

Deeply Subordinated Notes will 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 April 2003 and will rank *pari passu* without any preference among themselves and (a) *pari passu* with any other unsecured 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), as set out in Condition 2(b)(iii).

If so specified in the applicable Final Terms, the payment of interest in respect of Ordinary Subordinated Notes or Deeply Subordinated Notes may be deferred in accordance with Condition 4(f).

**Rating:**

Notes issued under the Programme may be rated or unrated. The Notes will have such rating, if any, as is assigned to them by the relevant rating organisation as specified in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant organisation.

**Listing and Admission to Trading:**

Application has been made for the Notes issued under the Programme 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. The Notes may also be listed and/or admitted to trading on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series as specified in the relevant Final Terms or may be unlisted.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s).

**Governing Law:**

The Notes will be governed by, and construed in accordance with, English law other than Condition 2(b) which, if applicable, will be governed by, and construed in accordance with, French law.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the European Economic Area and certain of its Member States, the United Kingdom, Japan and the United States and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "Subscription and Sale").

## 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 in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. 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 14 April, 2008 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) and the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents).

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 14 April, 2008 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

Receptholders 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 Financial Instrument Markets Directive (Directive 2004/39/EC) (an “**FIMD 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, an Index Linked Interest 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 Index Linked Redemption Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note, a Physical Delivery Note or a combination of any of the foregoing, 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 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.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, 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.

## **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 April 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 revenues, 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; or
  - (b) any Security Interest existing over any assets or revenues 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
  - (d) 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
  - (e) any one or several Security Interest(s) not falling within (a) to (d) 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 (d) 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 and/or in the applicable Final Terms, each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) 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.

Except as provided in the applicable Final Terms, 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 each Specified Denomination, 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.

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

In these Conditions:

“**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);

“**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 and Index Linked Interest Notes**

- (i) Interest Payment Dates

Subject as aforesaid in the case of Subordinated Notes, each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) 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, 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 the TARGET System is open. In these Conditions, “**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest 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.

(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) If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(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, and the Calculation Agent, in the case of Index Linked Interest 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. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest 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 Specified Denomination, 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.

"**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  $D_2$  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:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Interest Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Interest Period falls

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” 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  $D_2$  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 or Index Linked Interest 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 or Index Linked Interest 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) Interest on Dual Currency Notes**

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

**(d) Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

**(e) 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 impropriely 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.

**(f) 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 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.

### **(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 (other than Dual Currency Notes or Index Linked Notes) 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, Dual Currency Note or Index Linked Interest 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 or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, 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) the relevant place of presentation;
  - (B) London;
  - (C) 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, 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, 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 the TARGET System is open.

**(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.

**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 (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), 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 seven 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 Issuer Call is specified 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 equal to the Minimum Redemption Amount or a Higher 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 and/or Clearstream, Luxembourg, 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 Investor Put is specified 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 and Clearstream, Luxembourg, 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 or Clearstream, Luxembourg, 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 and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg 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 and Partly Paid 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) Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

**(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. Such Notes (together with all unmatured Receipts, Coupons and Talons appertaining thereto) will be surrendered to any Paying Agent for cancellation.

**(i) Cancellation**

All Notes which are redeemed will forthwith be cancelled (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 cancelled pursuant to 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**

The Notes being issued outside the Republic of France, interest and other revenues in respect of the Notes, Receipts and Coupons benefit from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (General Tax Code) from deduction of tax at source. Accordingly, such payments do not give the right to any tax credit from any French source.

#### **(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 Union Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; 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 Index Linked Notes, the Redemption or Early Redemption Amounts (iv) in relation to Dual Currency Notes, the principal or interest in the relevant Specified Currency, (v) in relation to Instalment Notes, the Instalment Amount, and (vi) 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) if European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to such Directive is introduced, the Issuer will ensure that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to any such Directive or law.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d). 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.

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, 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.

## **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.

"**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 and Clearstream, Luxembourg, 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 or Clearstream, Luxembourg, give notice to the Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on its instruction by Euroclear or Clearstream, Luxembourg or any common depository for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg 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 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 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 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 (UK) Services Limited at its registered office at Regent House, Station Approach, Dorking, Surrey RH4 1TH as its agent for service of process, and undertakes that, in the event of Lafarge (UK) Services 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 depository (the **“Common Depository”**) 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 depository and (iii) 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 and Euroclear France 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 and Euroclear and/or Clearstream, Luxembourg, 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”**), but, if such Temporary Global Note is issued in respect of a Tranche of Notes described as Partly Paid Notes in the applicable Final Terms, only if the final instalment on all outstanding such Notes has been paid, 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.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg 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 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 such Permanent Global Note) 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 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.

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 or Clearstream, Luxembourg, 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 which are different from the common code and ISIN 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 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, 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 on and subject to the terms of an amended and restated deed of covenant (the "**Deed of Covenant**") dated 14 April, 2008, executed by the Issuer.

## **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.

## **AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LAFARGE FOR THE YEAR ENDED 31 DECEMBER 2007**

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating the specific verification of information in the Group management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders, In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Lafarge for the year ended December 31, 2007.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### **Opinion on the consolidated financial statements**

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and of the financial position of the Group as at December 31, 2007 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the EU.

Without qualifying the opinion expressed above, we draw your attention to Note 2 "Summary of significant accounting policies" of the notes to the consolidated financial statements which sets out changes in accounting method introduced as of January 1, 2007 related to the adoption of the option offered by the amendment to IAS 19, Employee Benefits, to recognize through equity all actuarial gains and losses under defined-benefit pension plans.

### **Justification of our assessments**

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter: Goodwill and intangible assets have been valued in accordance with the Group accounting policies described in Note 2 (I) of the consolidated financial statements. Our procedures consisted in reviewing available documents and assessing the reasonableness of retained valuations. These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

### **Specific verification**

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris – La Défense, March 28, 2008

The Statutory Auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Arnaud de Planta

Jean-Paul Picard Christian Mouillon

Alain Perroux

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LAFARGE FOR THE YEAR ENDED 31 DECEMBER 2006

*This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating the specific verification of information in the group management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Lafarge for the year ended December 31, 2006.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and of the financial position of the Group as at December 31, 2006 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the EU.

### II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

Goodwill and intangible assets have been valued in accordance with the Group accounting policies described in Note 2(I) of the consolidated financial statements.

Our procedures consisted in reviewing available documents and assessing the reasonableness of retained valuations.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

### III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 23, 2007

The Statutory Auditors

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Arnaud de Planta

Jean-Paul Picard Christian Mouillon

Alain Perroux

## TAXATION

The statements herein regarding taxation are based on the laws in force in the European Union, the Republic of France, the Grand Duchy of Luxembourg 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 tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes under the laws of the European Union, the Republic of France, the Grand Duchy of Luxembourg, the United Kingdom and/or any other jurisdiction.

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

### EU Directive on the Taxation of Savings Income

The EU has adopted a Directive regarding the taxation of savings income (the “**Savings Income Directive**”). The Savings Income Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

In relation to French taxation, the Savings Income Directive has been implemented in French law under Article 242 *ter* of the *Code général des impôts* and Articles 49 I *ter* to 49 I *sexies* of the Schedule III to the *Code général des impôts* (general tax code). As regards Luxembourg taxation, on 12 April 2005, the Luxembourg Parliament adopted a law implementing the Savings Income Directive.

### French Taxation

Payments in respect of Notes issued by the Issuer will be made without withholding or deduction for, or on account of, the withholding tax on interest set out under Article 125 A III of the *Code Général des impôts* (French General Tax Code) as provided by article 131 *quater* of the French General Tax Code if the Notes are issued outside France. Notes constituting *obligations* under French law will be issued (or deemed to be issued) outside France:

- (i) in the case of syndicated or non-syndicated issues of Notes, if they are denominated in euro as provided in the Circular of the *Direction Générale des Impôts* dated 30 September 1998;
- (ii) in the case of syndicated issues of Notes denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree, in connection with their initial distribution, not to offer the Notes to the public in the Republic of France. Such securities may be offered in the Republic of France only through an international syndicate to “qualified investors” (*investisseurs qualifiés*) as described in Article L.411-2 of the *Code monétaire et financier*; or
- (iii) in the case of non-syndicated issues of Notes denominated in currencies other than euro, if each of the subscribers is domiciled or resident for tax purposes outside the Republic of France.

In a letter sent by the *Direction de la Législation Fiscale* to the French Banking Association (*Association des Banques Françaises*) dated 23 July 2007, the French tax authorities admit that euro-denominated notes which constitute *titres de créances négociables*, as well as other euro-denominated notes assimilated to *obligations* or *titres de créances négociables* for tax purposes, will be deemed issued outside of France.

In a ruling (*rescrit*) dated 8 January 2008 (RES # 2007/59 FP), the French tax authorities further admit that non euro-denominated notes constituting *obligations* under French law, as well as euro-denominated or non euro-denominated notes constituting *titres de créances négociables* or other types of debt securities that are subject to French or foreign law and that are assimilated to *obligations* or *titres de créances négociables* for tax purposes, will be deemed issued outside of France.

### Luxembourg Taxation

#### Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders or Noteholders qualifying as residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

#### *Luxembourg non-resident individuals*

Under the Luxembourg laws 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. The same regime applies to payments to individuals resident or a residual entities established in certain EU dependent territories.

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. and to 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

#### *Luxembourg resident individuals*

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. Only interest accrued after 1 July 2005 falls within the scope of the withholding tax. This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

#### **U.K. Taxation**

Under current United Kingdom law and practice, provided the Notes are and continue to be listed on a recognised stock exchange (as defined by section 1005 of the Income Tax Act 2007), payments of interest on the Notes may be made without deduction or withholding for or on account of United Kingdom income tax.

In all other circumstances, were any interest on the Notes determined to have a United Kingdom source (including without limitation in circumstances where any Additional Issuer of Notes were incorporated, or resident for tax purposes, in the United Kingdom) 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 direction to the contrary by Her Majesty's Revenue & Customs under any applicable double taxation treaty, and except that such withholding requirement would be disapplied in respect of payments to Noteholders whom the payer of such interest reasonably believed to be a United Kingdom resident company or a non- United Kingdom resident company carrying on a trade in the United Kingdom through a permanent establishment which was within the charge to corporation tax in respect of such interest, or which fell within various categories enjoying a special tax status.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement dated 14 April, 2008 (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.

### United States

The Notes have not been and will not be registered under 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 certain transactions exempt 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.

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. 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 to which it sells any Notes during the distribution compliance period 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 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.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### European Economic Area

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;
- (II) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (III) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
  - (IV) at any time to fewer than 100 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
  - (V) 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 (i) to (v) 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 includes any relevant implementing measure in each Relevant Member State.

### **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 “**FMSA**”) 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 Law of Japan (the Law No. 25 of 1948, as amended, the “**FIEL**”) 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, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes 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 FIEL and any other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **France**

(a) In respect of Notes not constituting “*obligations*” under French law and issued in any currency on a non-syndicated basis, 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, directly or indirectly, Notes in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes.

(b) In respect of Notes constituting “*obligations*” under French law and issued in euro whether on a syndicated or non-syndicated basis, 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) 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 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, 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) it has not offered or sold and will not offer or sell, 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, 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 to D.411-3 of the French *Code monétaire et financier*.

(c) In respect of Notes constituting "*obligations*" under French law and issued in currencies other than euro on a syndicated basis, each of the Dealers 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, 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 through an international syndicate to qualified investors (*investisseurs qualifiés*) other than individuals, as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

(d) In respect of Notes constituting "*obligations*" under French law and issued in currencies other than euro on a non-syndicated basis each of the Dealers 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, directly or indirectly, Notes in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and each subscriber will be domiciled or resident for tax purposes outside France.

### **Italy**

The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy ("**Italy**"), except:

- (i) to qualified investors (*investitori qualificati*), including individuals and small and medium size enterprises as they shall be defined by CONSOB regulation on the basis of the relevant criteria set out by EU Prospectus Directive (2003/71), pursuant to art. 100, paragraph 1, lett. a) of D.Lgs. no. 58 of 24 February 1998, as amended (the "**Financial Services Act**"); or
- (ii) in circumstances which are exempted from the rules on offer to the public of financial instruments and/or products pursuant to the Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended and/or any other applicable laws and regulations implementing the EU Prospectus Directive (2003/71) in Italy or otherwise amending the existing Italian securities laws to conform them with the principles set out in the EU Prospectus Directive (2003/7).

Furthermore, any offer, sale or delivery of Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 11522 and Legislative Decree No. 385 of 1st September, 1993 (the "**Banking Act**") , as amended; and
- (b) made in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations and in compliance with any other applicable requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy.

## **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 and as shall be set out in the applicable Final Terms.

## FORM OF FINAL TERMS

[Date]

### LAFARGE

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €9,000,000,000  
Euro Medium Term Note Programme

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in:

(i) in circumstances in which no obligation arises for 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, in each case, in relation to such offer; or

(ii) in those Public Offer Jurisdictions mentioned in Paragraph 41 of Part A below, provided such person is one of the persons mentioned in Paragraph 41 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 14 April, 2008 [and the supplement to the Base Prospectus dated [•] ] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (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 such 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. [The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the [Base Prospectus/Offering Circular] dated [original date] [and the supplement to the Base Prospectus dated [•] ]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus/Offering Circular] dated [original date] [and the supplement to the Base Prospectus dated [•] ] and are attached hereto. 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/Offering Circular] dated [original date] and the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•] ]. [The Base Prospectus/Offering Circular] [and the supplement to the Base Prospectus] [is/are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*[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.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

1. (i) Issuer: [•]
2. (i) Series Number: [•]  
(ii) Tranche Number: [•]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies (in the case of Dual Currency Notes): [•]
4. Aggregate Nominal Amount:  
— Tranche: [•]  
— Series: [•]
5. (i) Issue Price of Tranche: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(in the case of fungible issues only, if applicable)*]  
(ii) Net Proceeds: [•] *(Required only for listed issues)*
6. Specified Denominations: [•]  
[•]
7. [(i)] Issue Date [and Interest Commencement Date]: [•]  
[(ii)] Interest Commencement Date (if different from the Issue Date): [•]
8. Maturity Date: *[Fixed rate — specify date/ Floating rate — Specified Interest Payment Date falling in or nearest to [specify month and year]]*
9. Form of Notes: *(Bearer)*
10. Type of Notes: [Fixed Rate/Floating Rate/Zero Coupon/Index Linked/Dual Currency/Other]
11. Interest Basis: [[•] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [•] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
*[specify other]*  
*(further particulars specified below)*
12. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Physical Delivery]  
*[specify other]*
13. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
14. Put/Call Options: [Investor Put]  
[Issuer Call]  
*[(further particulars specified below)]*

15. Status of the Notes: [Unsubordinated]/[Dated/Undated][Ordinary Subordinated/Deeply Subordinated]  
*(Indicate whether the Notes are ordinary subordinated, deeply subordinated or unsubordinated (and, if subordinated, whether dated or undated), in the case of Undated Subordinated Notes, whether payment of interest can be deferred; and the use of proceeds thereof) and, in the case of Subordinated Notes, whether payments of interest will be subordinated)*
16. Date [Board] approval for issuance of Notes obtained: [•]  
*(N.B. only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
17. Listing and Admission to Trading: [None/See "Listing and Admission to Trading Application" below]
18. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

19. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Fixed Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (ii) Specified Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention and an applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
- (iii) Fixed Coupon Amount(s): [•] per [•] in nominal amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (v) Fixed Day Count Fraction: [30/360, Actual/Actual (ICMA) or specify other]  
*(Day count fraction should be Actual/Actual (ISMA) for all fixed rate issues other than those denominated in U.S. dollars, unless otherwise agreed)*
- (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: This will need to be amended in the case of regular interest payment dates which are not of equal duration)*  
*(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
20. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [•]
- (ii) Specified Period(s)/Specified Interest Payment Dates: [•]

- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (iv) Additional Business Centre(s): [•]
- (v) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (vi) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [•]
- (vii) Screen Rate Determination:
- Relevant Rate: [•]  
(Either LIBOR, EURIBOR or other, although additional information is required if other — including to fallback provisions in the Agency Agreement)
  - Interest Determination Date(s): [•]  
(Second London business day prior to the start of each Interest Period if LIBOR and second TARGET day prior to the start of each Interest Period if EURIBOR)
  - Relevant Time: [•]
  - Primary Source for Floating Rate: [•]  
(Specify relevant screen page or “Reference Banks”)  
(In the case of EURIBOR, if not Telerate 248 ensure it is a page which shows a composite rate)
  - Reference Banks (if Primary Source is “Reference Banks”): [•] (Specify four)
  - Relevant Financial Centre: [The Financial Centre most closely connected to the Benchmark – specify if not London]
  - Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
  - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Period]
  - Specified Duration: [Specify period for quotation if not duration of Interest Period]
- (viii) ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (ix) Margin(s): [+/-] [•] per cent. per annum
- (x) Minimum Rate of Interest: [•] per cent. per annum
- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Floating Day Count Fraction: [•]
- (xiii) Rate Multiplier: [•]
- (xiv) Fall back provisions, rounding provisions and any other terms relating [•]

to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

21. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [•] per cent. per annum
  - (ii) Day Count Fraction/Reference Price: [•]
  - (iii) Any other formula/basis of determining Amortised Face Amount payable: [•]  
*(Consider applicable day count fraction if Euro denominated)*
  - (iv) Zero Coupon Early Redemption Amount [specify Zero Coupon Notes where Redemption Amount is variable]
22. **Index Linked/Other Variable Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula/Other Variable: [give or annex details]
  - (ii) Calculation Agent responsible for calculating the principal and/or interest due: [•]
  - (iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [•]
  - (iv) Interest Period(s): [•]
  - (v) Determination Dates: [•]
  - (vi) Specified Period(s)/Specified Interest Payment Dates: [•]
  - (vii) Interest or Calculation Periods: [•]
  - (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
  - (ix) Additional Business Centre(s): [•]
  - (x) Minimum Rate/Amount of Interest: [•] per cent. per annum
  - (xi) Maximum Rate/Amount of Interest: [•] per cent. per annum
  - (xii) Day Count Fraction: [•]
23. **Dual Currency Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
  - (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: [•]
  - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
  - (iv) Person at whose option Specified Currency(ies) is/are payable: [•]

- (v) Day Count Fraction: [•]
24. **Physical Delivery Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
*[The provisions for Physical Delivery Notes may be set out below and/or in a Schedule to the Final Terms. The terms used below are not referred to in the Terms and Conditions]*
- (i) Underlying Assets and/or Formula to be used to determine principal and/or interest or the Physical Delivery Amount: [•]
- (ii) Settlement by way of cash and/or physical delivery: [•]
- (iii) Issuer [Noteholder] option to vary method of settlement and, if yes, method of election, and procedure, for variation of settlement: [Yes/No]
- (iv) If settlement is by way of physical delivery: [•]
- (a) method of delivery of Physical Delivery Amount [and consequences of a Settlement Disruption Event]: [•]
- (b) details of how entitlement to Physical Delivery Amount will be evidenced: [•]
- (v) The party responsible for calculating the amount of principal and/or interest or the Physical Delivery Amount (if not the Agent): [•]
- (vi) Provisions where calculation by reference to the Underlying Assets and/or Formula is impossible or impracticable: [•]
- (vii) Details of any other relevant terms: [•]
- (viii) Method of calculating Early Redemption Amount (if for reasons other than following a redemption for tax reasons or an Event of Default): [•]
- (ix) [Valuation Date(s)]: [•]
- (x) Details of Stock Exchanges(s) and Related Exchange(s), if any: [•]
- (xi) such other additional terms or provisions as may be required (including, without limitation, definitions of Settlement Disruption Event(s), Potential Adjustments Events and Market Disruption Events): [•]

**PROVISIONS RELATING TO REDEMPTION**

25. Issuer Call [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 Note of [•] specified denomination
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [•]
    - (b) Higher Redemption Amount: [•]
  - (iv) Notice period (if other than as set out in the Conditions): [•]
  - (v) Description of any other Issuer option:
26. Investor Put [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 Note of [•] specified denomination
  - (iii) Description of any other investor option: [•]
  - (iv) Notice period (if other than as set out in the Conditions): [•]
27. Final Redemption Amount [[•] per Note of [•] specified denomination/ *specify other/see Appendix*]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked: [•]
- (i) Index/Formula/variable: [Give or annex details]
  - (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•]
  - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
  - (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
  - (v) Minimum Final Redemption Amount: [[•]/Not applicable]
  - (vi) Maximum Final Redemption Amount: [[•]/Not applicable]
28. (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)): [•]
- (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]

29 Change of Control Put Option [Yes/No]

### GENERAL PROVISIONS APPLICABLE TO THE NOTES

30. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]  
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
31. 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 19(ii), 20(iv) and 21(vii) relates)*
32. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
33. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
34. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
- (i) Instalment Amount(s): [•]
  - (ii) Instalment Date(s): [•]
  - (iii) Minimum Instalment Amount: [•]
  - (iv) Maximum Instalment Amount: [•]
35. Redenomination applicable: Redenomination [not] applicable *(the Final Terms shall set out the terms and conditions in respect of Redenomination of the Notes, if applicable)*
36. Other terms or special conditions: [Not Applicable/give details]

### DISTRIBUTION

37. (i) If syndicated, names and addresses of Managers (specifying Lead Manager): [Not Applicable/give names, addresses and underwriting commitments]
- (ii) Date of Subscription Agreement (if any): [•]
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
38. If non-syndicated, name and address of relevant Dealer: [Not applicable/Give name and address/details]
39. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D *(unless otherwise specified)*
40. Total commission and concession: [•]
41. Non-exempt Offer [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have

been passported] (**Public Offer Jurisdictions**) during the period from [specify date] until [specify date] (**Offer Period**). See further Paragraph 15 of Part B below.

42. Additional selling restrictions: [Not Applicable/give details]

#### OPERATIONAL INFORMATION

43. ISIN Code: [•]

44. Common Code: [•]

45. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

46. Delivery: Delivery [against/free of] payment

47. Additional Paying Agent(s) (if any): [•]

#### [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €9,000,000,000 Euro Medium Term Note Programme of Lafarge.]

(i) Listing: [On the official list of the Luxembourg Stock Exchange]/other (specify)/None]

(ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on a regulated market<sup>3</sup> [ ] with effect from [ ].] [Not Applicable.]

[Securities of the same class of securities as these Notes have already been listed or admitted to trading on [•] (specify relevant regulated markets or equivalent markets).] 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: [ ]

#### POST ISSUANCE INFORMATION

The Issuer [intends][does not intend] to issue any post-issuance information concerning the underlying in connection with this issue of Notes.

[If post-issuance information is to be reported, specify what information will be reported and where such information can be obtained.]

#### RESPONSIBILITY

The Issuer accept(s) responsibility for the information contained in these Final Terms.

[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

<sup>3</sup> The Regulated Market (regulated by Directive 2004/39/EEC), (the "Bourse de Luxembourg") of the Luxembourg Stock Exchange is a regulated market for purposes of the Financial Instrument Markets Directive 2004/39/EEC.

## PART B – OTHER INFORMATION

### 1 RATINGS

Ratings:

The Notes to be issued have been rated:

[S & P: [•]]

[Moody's: [•]]

[[Other]: [•]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider, for example:*

*“As defined by Standard & Poors, an [AA+] rating means that the Issuer’s capacity to meet its financial commitment under the Notes is very strong.”*

*“Obligations rated [Aa] by Moody’s are judged to be of high quality and are subject to very low credit risk. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.”*

*“As defined by Fitch an [AA] rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments. Such capacity is not significantly vulnerable to foreseeable events.”]*

*(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.)*

### 2 [RISK FACTORS]

*[Include any product specific risk factors which are not covered under “Risk Factors” in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute “significant new factors” and consequently trigger the need for either (i) a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a 48 hour time period or (ii) a Prospectus.]*

*[Investors may lose the value of their entire investment or part of it, as the case may be, and/or if the investor’s liability is not limited to the value of his investment, a statement of that fact, together with a description of the circumstances in which such additional liability arises and the likely financial effect.]<sup>1</sup>*

### 3 [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.]*

### 4 [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 following statement:*

---

<sup>1</sup> Required for derivative securities.

"Save as discussed in ["Plan of Distribution"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

## 5 [THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST]

*[Where a statement or report attributed to a person as an expert is included in respect of the Issuer or the Notes, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the report has been produced at the Issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part in respect of the Issuer or the Notes.]*

*Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

*In addition, the Issuer shall identify the source(s) of the information.]*

## 6 [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]<sup>2</sup>

(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.]<sup>3</sup>*

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive applies, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]*

## 7 [Fixed Rate Notes only – YIELD]

[Indication of yield: [•]

*[Calculated as [include details of method of calculation in summary form] on the Issue Date.]<sup>4</sup>*

*[As set out above,] the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]]*

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<sup>2</sup> If the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies, disclosure in respect of Estimated Net Proceeds and Total Expenses is only required if reasons for the offer are disclosed.

<sup>3</sup> Not required for debt securities with a denomination per unit of at least EUR 50,000.

<sup>4</sup> Not required for debt securities with a denomination per unit of at least EUR 50,000.

## 8 [Floating Rate Notes only – HISTORIC INTEREST RATES]

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]<sup>1</sup>

## 9 [Index-Linked Interest or other variable-linked Interest Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]

*Need to include a statement of the type of underlying and details of where information concerning the underlying can be obtained.*

*[Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.<sup>2</sup> [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.<sup>3</sup> Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

## 10 [Derivatives only – OTHER INFORMATION CONCERNING THE UNDERLYING]<sup>4</sup>

Name of the issuer of the underlying security:	[•]
ISIN Code:	[•]
Underlying interest rate:	[•]
Exercise price or final reference price of the underlying:	[•]
Relevant weightings of each underlying in the basket::	[•]
Description of any market disruption or settlement disruption events concerning the underlying:	[•]
Adjustment rules with relation to events concerning the underlying:	[•]
Source of information relating to the [Index]/[Indices]:	[•]
Place where information relating to the [Index]/[Indices] can be obtained:	[•]

## 11 Derivative Securities only – MATURITY/EXPIRATION

Expiration/Maturity date of derivative securities:	[•]
Exercise date or final reference date:	[•]

## 12 Derivative Securities only – SETTLEMENT PROCEDURES FOR DERIVATIVE SECURITIES

*Need to include a description of the settlement procedures of the derivative securities.*

## 13 Derivative Securities only - RETURN ON DERIVATIVE SECURITIES

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<sup>1</sup> Not required for debt securities with a denomination per unit of at least EUR 50,000.

<sup>2</sup> Required for derivative securities.

<sup>3</sup> Required for derivative securities.

<sup>4</sup> Required for derivative securities.

Return on derivative securities:	<i>[Description of how any return on derivative securities takes place]</i>
Payment or delivery date:	[•]
Method of calculation:	[•]

**14 *Dual Currency Notes only* – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]**

*[Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

**15 [TERMS AND CONDITIONS OF THE OFFER]**

Offer Price:	[Issue Price][specify]
Conditions to which the offer is subject:	[Not Applicable/give details]
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/give detail]
Details of the minimum and/or maximum amount of application:	[Not Applicable/give details]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/give details]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/give details]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/give details]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/give details]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/give details]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/give details]
Name(s) and address(es), to the	[None/give details]

extent known to the Issuer, of the placers in the various countries where the offer takes place.

## **16 [PLACING AND UNDERWRITING]<sup>3</sup>**

*Need to include:*

*The name and address of the co-ordinator(s) of the global offer and of single parts of the offer<sup>1</sup>;*

*The name and address of any paying agents and depository agents in each country (in addition to the Principal Paying Agent);*

*The names 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>;*

*The names and addresses of entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment;*

*Indicate when the underwriting agreement has been or will be reached; and*

*Name and address of the calculation agent.*

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<sup>3</sup> Required for derivative securities.

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

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

## 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 3 May 2007.

### 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 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 and Luxembourg:

- (i) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus;
- (ii) the Programme Agreement, 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 financial statements of the Issuer in respect of the financial years ended 31 December 2007 and 2006. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis;
- (v) the most recently published audited consolidated and non-consolidated annual financial statements of the Issuer and the most recently published interim financial statements of the Issuer (in each case with, in London and Luxembourg, an English translation or version thereof).
- (vi) each Final Terms for Notes listed on the official list of the Luxembourg Stock Exchange or any other stock exchange; and
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

### 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.

### Significant or Material Change

Except as disclosed in Note 21 on page F-100 of the 2007 Document de Référence, incorporated by reference in this Base Prospectus and on pages 18 to 19 of 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 2007 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2007.

### Taxation

The Notes being issued outside France, interest and other revenues in respect of the Notes benefit from the exemption provided for in Article 131 *quater* of the French *Code Général des Impôts* (General Tax Code) from deduction of tax at source as provided in Condition 7. Accordingly, such payments do not give the right to any tax credit from any French source. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7 and to the fullest extent then permitted by law, be required to pay additional amounts to cover the amounts so deducted.

### Litigation

Save as disclosed on page F-75 of the 2007 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 on page 118 of the 2007 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.

### **Post Issuance Information**

In respect of derivatives securities as defined in Article 15.2 of Commission Regulation no.809/2004, the Final Terms will indicate whether or not the relevant Issuer intends to provide post-issuance information concerning the underlying. If the relevant Issuer intends to report such information, the Final Terms will specify what information will be reported and where such information can be obtained.

### **Auditors**

The statutory auditors of the Issuer are Deloitte & Associés (represented by Messrs. Jean-Paul Picard and Arnaud de Planta) and Ernst & Young audit (represented by Messrs. Christian Mouillon and Alain Perroux). Deloitte & Associés and Ernst & Young audit 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 audit, as joint statutory auditors, have audited the consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007, 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 2006 were audited by Deloitte & Associés (represented by Messrs. Jean-Paul Picard and Arnaud de Planta) and Ernst & Young audit (represented by Messrs. Christian Mouillon and Alain Perroux) 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 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**

**Lafarge**

61, rue des Belles Feuilles  
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France

**ISSUING AND PRINCIPAL PAYING AGENT**

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Canary Wharf  
London E14 5LB  
United Kingdom

**PAYING AGENTS**

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Luxembourg Branch**

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L-2085 Luxembourg

**Citibank International plc Paris**

Citicentre, 19 Le Parvis  
Paris 92073  
La Défense Cedex 36  
France

**LUXEMBOURG LISTING AGENT**

**BNP Paribas Securities Services  
Luxembourg Branch**

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**LEGAL ADVISERS**

*To the Issuer as to French law*

**Michel Bisiaux**

Senior Vice-President, General Counsel and  
Corporate Secretary  
Lafarge  
61, rue des Belles Feuilles  
75116 Paris  
France

*To the Dealers as to English and French law*

**Freshfields Bruckhaus Deringer**

2-4, rue Paul Cézanne  
75008 Paris  
France

**STATUTORY AUDITORS**

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185, avenue Charles de Gaulle  
92200 Neuilly-sur-Seine  
France

**Ernst & Young audit**

11 allée de l'Arche  
92400 Courbevoie  
France

**ARRANGER**

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## DEALERS

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United Kingdom

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United Kingdom

### **Citigroup Global Markets Limited**

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### **Barclays Bank PLC**

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Canary Wharf  
London E14 4BB

### **Calyon**

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92920 Paris la Défense Cedex  
France

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom