Pricing Supplement

Pricing Supplement dated 21 March 2005

LAFARGE S.A.

Issue of Euro 500,000,000 4.75 per cent. Notes due 23 March 2020 (the "Notes")
under the €7,000,000,000 Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 24 May 2004. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

1	Issuer:	Lafarge S.A.
2	(i) Series Number:	LAFMTN 14
	(ii) Tranche Number:	1
3	Whether the Notes are ordinary, 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 Dated Subordinated Notes, whether payments of interest will be Subordinated:	Unsubordinated
4	Specified Currency or Currencies:	Euro ("**€**")
5	Aggregate Nominal Amount:	
	(i) Series:	€500,000,000
	(ii) Tranche:	€500,000,000
6	Issue Price of Tranche:	99.474 per cent. of the Aggregate Nominal Amount
7	Specified Denominations:	€1,000 and €50,000
8	Issue Date:	23 March 2005
	Interest Commencement Date:	Issue Date
9	Maturity Date:	23 March 2020
10	Interest Basis:	4.75 per cent. Fixed Rate (further particulars specified at paragraph 16 below)
11	Redemption/Payment Basis:	Redemption at par

12	Change of Interest or Redemption/Payment Basis:		Not Applicable
13	Put/Call Options:		Not Applicable
14	Listing:		Luxembourg
15	Method of distribution:		Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	**Fixed Rate Note Provisions**		Applicable
	(i)	Rate of Interest:	4.75 per cent. per annum payable annually in arrear
	(ii)	Interest Payment Date(s):	23 March in each year commencing on 23 March 2006
	(iii)	Fixed Coupon Amount:	€47.50 per €1,000 in nominal amount €2,375 per €50,000 in nominal amount
	(iv)	Broken Amount:	Not Applicable
	(v)	Fixed Day Count Fraction:	Actual/ Actual (ISMA)
	(vi)	Determination Date(s):	Interest Payment Dates
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	None
17	**Floating Rate Provisions**		Not Applicable
18	**Zero Coupon Note Provisions**		Not Applicable
19	**Index Linked Interest Note Provisions**		Not Applicable
20	**Dual Currency Note Provisions**		Not Applicable
21	**Physical Delivery Note Provisions**		Not Applicable

PROVISIONS RELATING TO REDEMPTION

22	**Issuer Call**		Not Applicable
23	**Investor Put**		Not Applicable
24	**Final Redemption Amount**		€1,000 per Note of €1,000 specified denomination €50,000 per Note of €50,000 specified denomination
25	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):		Nominal amount of each Note

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:	Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event.
27	Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and if different from those specified in the Temporary Global Note, date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
30	Details relating to Instalment Notes amount of each instalment, date on which each payment is to be made:	Not Applicable
31	Redenomination applicable:	Redenomination not applicable
32	Other terms or special conditions:	Not Applicable

DISTRIBUTION

33	(i) If syndicated, names of Managers:	Barclays Bank PLC Citigroup Global Markets Limited Dresdner Bank AG London J.P. Morgan Securities Ltd.
	(ii) Stabilising Manager (if any):	Dresdner Bank AG London
34	If non-syndicated, name of Dealer:	Not Applicable
35	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable	TEFRA D
36	Additional selling restrictions:	THE NETHERLANDS: The Notes may not be offered, sold, delivered or transferred, in their initial distribution or any re-offering, and this Pricing Supplement or any other document in respect of the offering may not be distributed, in the Netherlands other than to individuals or legal entities which trade or invest in securities in the conduct of their profession or business (which includes banks, investment

institutions, securities intermediaries (including dealers and brokers), insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises).

OPERATIONAL INFORMATION

37	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
38	Delivery:	Delivery against payment
39	Additional Paying Agent(s) (if any):	Not Applicable
40	Rating	Moody’s Investors Services: Baa2 Standard and Poor’s: BBB
	ISIN:	XS0215159731
	Common Code:	21515973
	German Securities Code	A0D Z77

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the €7,000,000,000 Euro Medium Term Note Programme of Lafarge.

STABILISING

In connection with this issue, Dresdner Bank AG London (the “Stabilising Agent”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date of the Notes. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period and will be carried out in compliance with all applicable laws and regulations.

MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in this document, there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2004 and no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2004.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ______________________

Duly authorised

RECENT DEVELOPMENTS

1. The following is an extract of a press release published by the Issuer on 7 June 2004:

"Lafarge inaugurates an ultra modern cement plant in Tetouan, Morocco

The Lafarge group opened a brand new, ultra modern cement plant in Tetouan, Morocco on 28 May 2004. With a production capacity of one million tonnes, the new plant was designed to meet fast-growing demand in Morocco's northern provinces. Altogether, the group invested 120 million euros in the new plant.

The industrial performances of the new plant are comparable to the best cement plants in the world, notably in terms of energy consumption and product quality. In addition to energy savings generated by the choice of production methods, 40% of the plant's electricity needs will be supplied by renewable energy generated by a local windfarm. Wind power will replace electricity produced by thermal power plants, thereby reducing greenhouse gas emissions. This is a world premiere. Environmental protection efforts accounted for 15% of the total investment in the new plant.

To meet the growing needs of the Moroccan market, Lafarge will continue to make the necessary investments in production capacity in the years ahead to safeguard its leading position in the country. The group also announced that it is investing 80 million euros in the construction of a new 900,000 tonne production line at the Bouskoura cement plant near Casablanca. The new Tetouan plant was also designed to accommodate a second production line as soon as more capacity is needed to meet market demand.

"*Together with the increase of capacity in Bouskoura, the successful start of our new cement plant in Tetouan will enable us to pursue our development in this fast-growing market with very good returns and excellent environmental performance. These investments are perfectly consistent with Lafarge's long-term business strategy, particularly directed towards growing markets*", said Bernard Kasriel, CEO of Lafarge.**"**

2. The following is an extract of a press release published by the Issuer on 13 July 2004:

"Lafarge successfully completes a Eurobond exchange offer

Lafarge announces today having successfully completed a Eurobond exchange offer. The offer to exchange Lafarge €1 bn bonds due 2008 for a new 10-year benchmark bond was launched on 29 June, 2004 and was priced on 9 July. The offer will be finally settled on 16 July. The transaction was well received by the market and investors, and a total of nominal €560 million of existing bonds were exchanged against a new issue amounting to €612 million.

This exchange offer, which follows a first successful bond exchange for €500 million completed in December 2003, forms part of Lafarge's ongoing management of its debt. It enables the group to lengthen the average maturity of its debt without increasing its amount, and to achieve a more balanced repayment schedule while benefiting from favorable market conditions.

"*This offer is perfectly in line with Lafarge's active management of its debt. The high level of interest raised by the offer and the pricing achieved reflect the status of Lafarge as a premium borrower in the bond market*", declared Jean-Jacques Gauthier, Executive Vice-President Finance.

The offer was subject to a prospectus approved by the Luxembourg listing authorities and did not constitute a public offer in any jurisdictions other than Luxembourg. Accordingly, no offer was made in Italy, Sweden, Finland or Spain and other restrictions applied in particular in the United

Kingdom, France, Germany, Belgium, Denmark and The Netherlands. The offer was made outside the United States in accordance with Regulation S under the Securities Act of 1933. The securities offered have not been and will not be registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the Securities Act.**"**

3. The following is an extract from a press release published by the Issuer on 2 November 2004:

"Blue Circle North America assets will continue to be managed by Lafarge North America

Lafarge acknowledges the decision of the Special committee of independent directors of Lafarge North America, endorsed by the Board, not to exercise the option to purchase the U.S. cement and construction materials assets of Blue Circle North America during the exercise period expiring December 31, 2004.

As has been the case since the acquisition by Lafarge of Blue Circle in July 2001, Lafarge North America will continue to manage the assets of Blue Circle North America under a management agreement , which has been renewed for 2005.**"**

4. The following is an extract from a press release published by the Issuer on 22 December 2004:

"Lafarge announces sale of its 40% minority stake in Carmeuse North America BV

Lafarge today announces that it has completed the sale of all its 40% stake in Carmeuse North America BV to Carmeuse, for US$ 140M. Lafarge had been a minority shareholder within Carmeuse North America since 1998.

Carmeuse North America is a producer of lime and limestone products serving the United States and Canada.**"**

5. The following is an extract from a press release published by the Issuer on 3 January 2005:

"Lafarge announces the acquisition of "Cementos Selva Alegre" in Ecuador

Lafarge announces the acquisition of Finlatam V GmbH, Germany, which owns nearly 99% of the shares of Cementos Selva Alegre, a major cement player in Ecuador. The company has been acquired at a price of about USD 130M and is free of debt.

Cementos Selva Alegre, a cement manufacturer ranked number 2 in the Ecuadorean market with a 20% market share, owns a cement plant with an annual production capacity of 640,000 tonnes. The plant is located some 110 km north of the capital, Quito, in the heart of one of the country's most dynamic markets.

With a population of nearly 13 million, Ecuador offers a growing cement market of 3.2 million tonnes in 2003.

"The strong position enjoyed by Cementos Selva Alegre on the Ecuadorean market and in particular its leading position in the economically vibrant region of Quito make this acquisition particularly attractive for the Group. We are pursuing our development strategy in growing markets by strengthening our industrial presence in Latin America in favourable conditions, the acquisition being expected to create value rapidly", declared Lafarge Chief Executive Officer Bernard Kasriel.**"**

6. The following is an extract from a press release published by the Issuer on 18 January 2005:

"Expiry of the partnership with State Of Wisconsin Investment Board in South Korea, India and Japan

Lafarge announces the buyout of minority interests held by State of Wisconsin Investment Board (SWIB) in its cement activities in South Korea, India and Japan, in accordance with the partnership agreements concluded five years ago.

This final transaction marks the end of a successful collaboration that has helped Lafarge's development in Asia.

The transaction is worth $141m, and includes:

- a 20.3% stake in Lafarge Halla Cement in South Korea, taking its total stake to 71.4%. Lafarge Halla Cement is South Korea's fourth-largest cement producer, with three industrial sites and the capacity to produce 7.5 million tonnes of cement per year.
- a 23.6% stake in Lafarge India Private Ltd, taking its total stake to 94.4%. Lafarge India Private Ltd is the leading player in Eastern India. With total cement production capacity of 5 million tonnes across two cement plants and a grinding station, this unit supplies around 20% of the Eastern Indian market.
- a 43% stake in Lafarge Japan Holdings, taking its total stake to 100%. Lafarge Japan Holdings owns 39.4% of Lafarge Aso Cement Ltd, which has two cement plants and total cement production capacity of 3 million tonnes.**"**

7. The following is an extract of a press release published by the Issuer on 24 February 2005:

"EXCELLENT 2004 PERFORMANCE DRIVES NET INCOME INCREASE OF 19%

The Board of Directors of Lafarge, meeting on February 23, 2005, approved the accounts for the year ending December 31, 2004. A full report was given to the directors of the Board on the dramatic consequences of the Tsunami on our Aceh cement plant in Indonesia. They were informed about all measures taken by both local and corporate teams and they expressed their deep sympathy for all affected employees.

KEY FIGURES

- Like for like sales up 7.7%
- Operating income on a like-for-like basis up 12.8%
- Gearing down to 59% from 67% at the end of 2003
- Cash flow from operations up 17.5%
- Cash flow to net debt ratio increased to 32.5% from 25.5% in 2003
- Dividend up to €2.40 per share (+4.3% from €2.30 in 2003), subject to Annual General Meeting approval

GROUP HIGHLIGHTS

- Solid organic growth and strong increase in operating income.
- Improvement across all divisions.
- Clear benefits of the Group's unique business mix and geographical spread.
- Balance sheet strengthened ahead of schedule, giving financial flexibility to pursue the strategy of the Group.
- Operational improvements, particularly in plant performance, pricing and cost management, have driven up margins and Return on capital employed after tax.
- The Group is carrying out a large number of capacity expansions, with 6 plants under construction in Cement, 4 in Gypsum and 3 in Roofing, that will support organic growth going forward.

BERNARD KASRIEL, CHIEF EXECUTIVE OFFICER OF LAFARGE, SAID:
"We are delighted with the widespread upturn in our results during 2004, reflecting healthy demand and strong performance management across all our divisions. We are particularly pleased with the strong increase of the return on capital employed and the net income, reflecting this strong performance.

We enter 2005 well placed to leverage the overall favorable market environment and to increase prices. We will also benefit from the continuous performance improvement in all our businesses and from our unique business mix and geographical portfolio. Furthermore, our financial flexibility will enable us to pursue our growth strategy. We will have to manage some challenges: high energy and energy related cost increases as well as the expected weakness of the German, South Korean markets and of Brazil. In this context, we expect a 6 to 8% like for like growth of our operating income on ordinary activities for 2005."

CONSOLIDATED ACCOUNTS AS AT DECEMBER 31, 2004

	December 31, 2004 € Million	**December 31, 2003** € Million	**Variation**
Sales	14,436	13,658	+ 5.7%
Operating income on ordinary activities	2,124	1,934	+ 9.8%
Net income	868	728	+ 19.2%
Net income per share in €	€5.16	€4.92	+ 4.9%
Cash flow from operations	2,113	1,799	+ 17.5%
Group net debt	6,499	7,061	-8%

GROUP OPERATING HIGHLIGHTS BY DIVISION

Operating income on ordinary activities € Million	**December 31, 2004**	**December 31, 2003**	**Variation**	**Like for like**
Cement	1,567	1,466	+6.9%	+10.6%
Aggregates and Concrete	337	283	+19.1%	+18.3%
Roofing	150	142	+5.6%	+5.7%
Gypsum	129	84	+53.6%	50%
Other	(59)	(41)	NA	NA
TOTAL	**2,124**	**1,934**	**+9.8%**	**+12.8%**

(In the text below, all % variances are expressed on a like-for-like basis)

Cement

- Sales up 9.2%. Operating income up 10.6%
- The Cement division's operating income growth has been driven by good pricing trends in the context of sharp increases in energy and freight costs, good volume growth overall and strong performance management.
- Overall, the operating margin for the division was stable at 21.2%, illustrating the ability of our cement operations to contain the impact of sharp rises in energy and freight costs. Return on capital employed after tax went up to 9.5% from 8.4% in 2003.
- The increase of Cement operating income was driven by a growth of 17.5% in North America, 2.6% in Western Europe reflecting mixed performance across the region, and 16.3% in growth markets. Among these, Central and Eastern Europe reported a 20.9% increase, the Mediterranean Basin a 34.5% increase, and Africa and the Indian Ocean a 41.9% increase. These results were mitigated by a slight decline in Latin America due to Brazil and in Asia, due to a slowdown in the South Korean and Malaysian markets.

Aggregates and Concrete

- Sales up 7.6%. Operating income up 18.3%.
- The Aggregates and Concrete division's operating income growth was essentially driven by strong volumes in North America, in France and in growth markets, overall solid pricing gains and increased volumes of value-added concrete products in France, the UK and North America. Difficult trading conditions were experienced in Asphalt and Paving activities in the UK.
- The operating margin increased to 7.1% from 6.3%. Return on capital employed after tax increased to 7.9% from 6.8%.

• The division carried out two significant acquisitions: The Concrete Company (TCC) in Georgia, USA, and Hupfer Holdings in France and Switzerland.

Roofing
• Sales down 1%. Operating income up 5.7%
• The operating income rose by 7.5% in Western Europe, driven by strong sales in France and the UK, despite another fall in Germany. Improved results were also reported in North America, driven by a buoyant housing market.
• Operating margin increased to 10% from 9.4%, partly thanks to further cost reductions in Germany. Return on capital employed after tax increased to 5.5% from 4.8%.

Gypsum
• Sales up 12.2%. Operating income up 50%.
• The significant growth in operating income was largely due to the sharp improvement in North America, where our Gypsum US strategy is delivering. The US residential housing and renovation work remained buoyant. Outputs from our high-speed plants, Silver Grove and Palatka, increased during the year, plant performance improved and prices were successfully raised. Western Europe also contributed to the upturn in the Gypsum division results, largely driven by performance in France.
• Operating margin for the division sharply increased to 9.6% from 7.0%. Return on capital employed after tax strongly increased to 9.5% from 6.3%.

CAPITAL EXPENDITURES AND DISPOSALS

Further progress in strengthening the Group's financial structure was achieved. Capital expenditures increased to about €1.5 billion in 2004. The debt reduction came from strong cash flow from operations and sizeable disposals.

€783 million in sustaining capital expenditure
• Sustaining capital expenditure totaled €783 million, focused on continuous upgrading of existing industrial operations around the world.

€350 million investments in organic growth aimed at capacity increases and performance improvements
• Selective capacity expansion projects continued, mostly in cement with the building of a new production line in Tula, Mexico, in Ewekoro, Nigeria, in Bouskoura, Morocco and in Chongqing, China, to meet the very strong growth of the local market, and the building of a new plant in Bangladesh.

€420 million on high potential acquisitions
• Main acquisitions were Cementos Selva Alegre in Ecuador for €98 million, the cement and ready-mix concrete assets of The Concrete Company (TCC) in Georgia, USA, for €87 million; Hupfer Holdings, an aggregate and concrete ready-mix producer in France and Switzerland for €69 million; a 10.2% stake in Lafarge Halla Cement in South Korea; and a 14% stake in Lafarge Boral Gypsum in Asia for €34 million.
• All acquisitions were selected for their synergies with existing operations or for their potential as platforms for further growth in attractive and profitable markets.

€574 million disposals of non-core assets
• The Group realized €574 million from disposals, the most significant ones being the disposal of a 40.9% stake in Molins, Spain, for €265 million and a 40% stake in Carmeuse North America BV for €98 million.

IFRS: TRANSITION COMPLETED

• The main impact of the transition to IFRS on the 2004 financial statements is due to the accounting treatment of pension plans and goodwill.
• Net Income increases to €1,046 million mainly as a consequence of the end to the amortization of goodwill and of pension related prior actuarial losses.
• Total equity at year end is reduced to €9,901 million, principally as a result of the charge to equity of €766 million of after tax prior actuarial losses on pension plans.
• Net debt at year end increases to €6,958 million, mainly as a consequence of the inclusion of the amount of the receivable securitization programme and of the sale options of subsidiary shares granted to minority shareholders.
• Our financial ratios under IFRS at the end of 2004 remain solid, with gearing at 70% and cashflow to net debt at 30.4%."

8. The following is an extract of a press release published by the Issuer on 24 February 2005:

"Proposed new terms and appointments to Lafarge Board of Directors

The Lafarge Board of Directors, meeting on February 23, 2005, announced that it will submit for approval to the annual general meeting of Lafarge Shareholders, the renewal of Director's term of Michel Bon, Bertrand Collomb and Alain Joly. The Board will also propose the appointment as Directors of Jean-Pierre Boisivon, Philippe Charrier, Oscar Fanjul and Bruno Lafont, to replace Bernard Isautier, who left the Board at the end of 2004, and Jean Keller, Patrice Le Hodey, Robert Murdoch, whose terms are ending…

- Jean-Pierre Boisivon is Chairman of the Board of Directors of the Centre National d'Enseignement à Distance (CNED), General Delegate at the Institut de l'Entreprise, and Chairman of the Comité d'organisation des expositions du travail « Un des Meilleurs Ouvriers de France ».
- Philippe Charrier is Chairman and CEO of Procter & Gamble in France. He is notably Director of Eco Emballages, of the Fondation HEC and of the Institut de Liaisons et d'Etudes des Industries Economiques (ILEC). He is also Vice Chairman of Entreprise et Progrès.
- Oscar Fanjul is Honorary Chairman of Repsol SA and Vice Chairman of Omega Capital company. He is notably Director of Unilever, of Marsh & McLennan Companies and of the London Stock Exchange. He is a member of the Supervisory Board of Carlyle Group in Europe and of Sviluppo Italia. He is also an International Adviser to Goldman Sachs.
- Bruno Lafont has been Chief Operating Officer of the Lafarge Group since May 2003.**"**

SUMMARY OF THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

The following is a summary of the audited financial statements of the Issuer for the financial year ended 31 December 2004, as approved by the Board of Directors on 23 February 2005. The complete financial statements, including the notes thereto, were published in the *Bulletin des Annonces Légales Obligatoires* on 16 March 2004:

CONSOLIDATED STATEMENTS OF INCOME

	2004	2003	2002
		(in million euros, except per share data)	
Sales	**14,436**	**13,658**	**14,610**
Cost of goods sold	(9,633)	(9,088)	(9,734)
Selling and administrative expenses	(1,775)	(1,750)	(1,775)
Gross operating income	**3,028**	**2,820**	**3,101**
Depreciation	(904)	(886)	(969)
Operating income on ordinary activities	**2,124**	**1,934**	**2,132**
Gains on disposals, net	41	299	216
Other income (expenses), net	(210)	(177)	(525)
Operating income	**1,955**	**2,056**	**1,823**
Financial expenses, net	(517)	(568)	(521)
Income before income tax, share of net income of equity affiliates, amortization of goodwill and minority interests	**1,438**	**1,488**	**1,302**
Income tax	(247)	(425)	(448)
Income before share of net income of equity affiliates, amortization of goodwill and minority interests	**1,191**	**1,063**	**854**
Share of net income of equity affiliates	74	37	33
Amortization of goodwill	(133)	(135)	(158)
Minority interests	(264)	(237)	(273)
Net income	**868**	**728**	**456**
Earnings per share (euros)	**5.16**	**4.92**	**3.52**
Diluted earnings per share (euros)	**5.00**	**4.77**	**3.49**
Average number of outstanding shares (in thousands)	168,253	147,949	129,629

CONSOLIDATED BALANCE SHEETS

	2004	2003	2002
		(in million euros)	
ASSETS			
Goodwill, net	3,718	4,149	4,633
Intangible assets, net	2,760	2,823	2,835
Property, plant and equipment, net	10,641	10,402	11,667
Investments in equity affiliates	236	383	652
Other investments	560	481	462
Other long-term assets	738	810	919
Long-term assets	**18,653**	**19,048**	**21,168**
Inventories, net	1,509	1,422	1,591
Accounts receivable-trade, net	2,054	1,754	1,816
Other receivables	903	977	955
Cash and cash equivalents *	1,653	1,634	1,109
Current assets	**6,119**	**5,787**	**5,471**
Total assets	**24,772**	**24,835**	**26,639**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Common stock	684	669	532
Additional paid-in capital	6,000	5,798	4,546
Retained earnings	4,538	4,053	3,548
Cumulative translation adjustments	(2,745)	(2,335)	(1,645)
Shareholders' equity	**8,477**	**8,185**	**6,981**
Minority interests	2,479	2,191	2,155
Other equity	116	118	134
Deferred taxes	731	870	979
Provisions	1,930	1,857	1,922
Long-term debt	6,948	7,370	10,271
Long-term liabilities	**12,204**	**12,406**	**15,461**
Accounts payable, trade	1,424	1,234	1,205
Other payables	1,463	1,685	1,938
Current portion of long-term debt	991	985	524
Short-term bank borrowings	213	340	530
Current liabilities	**4,091**	**4,244**	**4,197**
Total shareholders' equity and liabilities	**24,772**	**24,835**	**26,639**

* At December 31, 2004 and 2003 "Cash and cash equivalents" includes treasury shares for 69 and 71 million euros respectively, which aim at covering employee stock purchase option plans.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2004	2003	2002
		(in million euros)	
NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net income	868	728	456
Adjustments to reconcile net income to net cash provided by operating activities:			
Minority interests	264	237	273
Depreciation and amortization of assets and goodwill	1,037	1,021	1,127
Share of net income of equity affiliates less dividends received	(54)	(11)	(17)
Gains on disposals, net	(41)	(299)	(216)
Deferred income taxes and tax provisions	(187)	15	92
Other, net	226	108	241
Changes in operating working capital items (see analysis below)	(377)	290	(165)
Net cash provided by operating activities	**1,736**	**2,089**	**1,791**
NET CASH USED IN INVESTING ACTIVITIES			
Capital expenditures	(1,133)	(864)	(1,149)
Investment in consolidated companies (1)	(309)	(218)	(337)
Investment in non-consolidated companies	(111)	(102)	(27)
Disposals (2)	574	603	725
Net (increase) decrease in other long-term assets	86	(92)	14
Net cash used in investing activities	**(893)**	**(673)**	**(774)**
NET CASH PROVIDED BY FINANCING ACTIVITIES			
Proceeds from issuance of common stock	251	1,438	260
(Increase) decrease in treasury shares	—	—	(4)
Increase (decrease) in other equity	1	—	—
Dividends paid (including those paid to minority interests in subsidiaries)	(504)	(395)	(388)
Proceeds from long-term debt	958	173	642
Repayment of long-term debt	(1,783)	(2,042)	(751)
Increase (decrease) in short-term debt	284	(40)	(685)
Net cash (used in) provided by financing activities	**(793)**	**(866)**	**(926)**
(Decrease) Increase in cash and cash equivalents	**50**	**550**	**91**
Net effect of foreign currency translation on cash and cash equivalents	(31)	(105)	(183)
Treasury shares reclassification	—	80	—
Cash and cash equivalents at beginning of year	1,634	1,109	1,201
Cash and cash equivalents at end of year	**1,653**	**1,634**	**1,109**
(1) Net of cash and cash equivalents of companies acquired	49	25	—
(2) Net of cash and cash equivalents of companies disposed of	7	4	1
SUPPLEMENTAL DISCLOSURES			
Analysis of changes in operating working capital items			
(Increase) decrease in inventories	(108)	34	(40)
(Increase) decrease in accounts receivable-trade	(243)	(38)	446
(Increase) decrease in other receivables	16	(71)	11
Increase (decrease) in accounts payable-trade	142	86	(532)
Increase (decrease) in other payables	(184)	279	(50)
Cash payments during the period for			
Interest expense	398	470	604
Income taxes	454	399	442

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Outstanding shares	Treasury shares	Common stock	Additional paid-in capital	Retained earnings	Cumulative translation adjustments	Shareholders' equity
	(in number of shares)						
Balance at January 1, 2002	**130,145,800**	**1,864,372**	**521**	**4,324**	**3,389**	**(352)**	**7,882**
Net income	—	—	—	—	460	(4)	456
Dividends paid	—	—	—	—	(297)	—	(297)
Issuance of common stock (dividend reinvestment plan)	1,400,494	—	5	127	—	—	132
Exercise of stock options	171,583	—	1	7	—	—	8
Employee stock purchase plan	708,718	—	3	42	—	—	45
Issuance of common stock (Cementia exchange offer)	453,838	—	2	46	—	—	48
Purchase of treasury shares	—	56,587	—	—	(4)	—	(4)
Change in translation adjustments	—	—	—	—	—	(1,289)	(1,289)
Balance at December 31, 2002	**132,880,433**	**1,920,959**	**532**	**4,546**	**3,548**	**(1,645)**	**6,981**
Net income	—	—	—	—	728	—	728
Dividends paid	—	—	—	—	(303)	—	(303)
Issuance of common stock	31,831,528	—	127	1,135	—	—	1,262
Issuance of common stock (dividend reinvestment plan)	2,391,039	—	10	111	—	—	121
Exercise of stock options	114,813	—	—	6	—	—	6
Treasury shares*	—	(1,122,989)	—	—	80	—	80
Change in translation adjustments	—	—	—	—	—	(690)	(690)
Balance at December 31, 2003	**167,217,813**	**797,970**	**669**	**5,798**	**4,053**	**(2,335)**	**8,185**
Net income					868		868
Dividends paid					(383)		(383)
Issuance of common stock							
Issuance of common stock (dividend reinvestment plan)	3,483,477		14	193			207
Exercise of stock options	217,788		1	9			10
Treasury shares*							
Change in translation adjustments**						(410)	(410)
Balance at December 31, 2004	**170,919,078**	**797,970**	**684**	**6,000**	**4,538**	**(2,745)**	**8,477**

* As of December 31, 2004 and 2003, treasury shares, which aim at covering employee stock purchase option plans, are classified as short-term investments.

** Of which (279) million euros related to the change in accounting for goodwill and market shares on foreign subsidiaries.