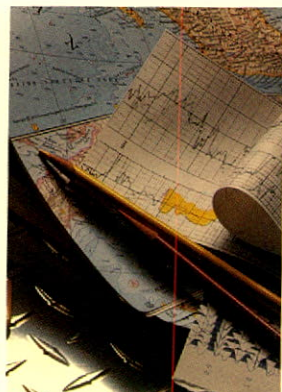
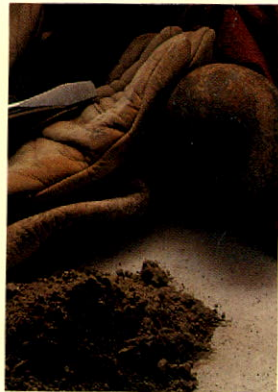


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LAFARGE CORPORATION is the largest cement manufacturer in North America, with a total of 19 cement manufacturing facilities in Canada and the United States and a rated annual production capacity of approximately 13 million tons. The Company's principal markets are located throughout Canada while in the United States they are concentrated in the major population growth areas of the Sunbelt. The Company also has substantial concrete and aggregate operations.

Headquartered in Dallas, Texas, Lafarge Corporation was organized in 1983 as the parent company for the established operations of Canada Cement Lafarge Ltd. of Montreal, Canada's largest cement producer, and General Portland Inc. of Dallas, the second largest cement manufacturer in the United States. In addition to the financial, technical and operating expertise provided by the joining of Canada Cement Lafarge and General Portland, Lafarge Corporation also benefits from its association with Lafarge Coppée of Paris, France, which has 150 years of experience in the cement manufacturing business and is one of the world's largest cement producers.

Lafarge Corporation's Common Shares are traded on the New York Stock Exchange under the symbol "LAF", and on the Montreal and Toronto stock exchanges.

TABLE OF CONTENTS

ABOUT THE COMPANY	1
FINANCIAL HIGHLIGHTS	4
QUARTERLY DATA	5
EXECUTIVE MESSAGE	6
UNITED STATES OPERATIONS REVIEW	10
CANADIAN OPERATIONS REVIEW	15
MARKETS AND FACILITIES	22
FINANCIAL REVIEW	
Operating Results	23
Financial Condition	26
Liquidity	28
Shareholders' Equity	30
CONSOLIDATED FINANCIAL STATEMENTS	
Income (Loss)	25
Balance Sheet	27
Changes in Financial Position	29
Shareholders' Equity	31
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	32
AUDITORS' REPORT	39
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	39
ACCOUNTING FOR INFLATION (UNAUDITED)	40
SELECTED FINANCIAL DATA	42
DIRECTORS AND OFFICERS	43
CORPORATE INFORMATION	44

Substantial Achievement and the Remaining Challenges

DEMAND FOR CEMENT IN NORTH AMERICA is expected to increase 12 percent to 101 million tons by 1989 from the 1984 level of 90 million tons, according to projections by the Portland Cement Association of the United States and Canada.

Through its two operating companies, Canada Cement Lafarge Ltd. and General Portland Inc., Lafarge Corporation is the largest cement producer on the North American continent, with a strong position in Canadian cement and concrete markets and a major presence in the Sunbelt growth areas of the United States. With an aggressive marketing philosophy and a long-term strategic viewpoint and plan, Lafarge Corporation is positioned to capture a larger share of the growing market for cement and related products.

A major business challenge for the rest of the 1980s will be to generate increased profitability from the projected revenue growth produced by Lafarge Corporation. Substantial progress in this regard was made during 1984, but meeting the remaining challenges will require significant additional achievement. Four major areas of concentration to reduce the relative cost of supplying the cement products demanded by the marketplace are highlighted throughout this annual report. These are:

ENERGY: Through innovative technologies that burn unconventional materials less expensive than traditional fuels, we are reducing the relative cost of energy required to manufacture cement.

LABOR: In cooperation with our employees, we are achieving a more productive level in the manufacture of cement and related products.

IMPORTS: With the cement industry more global today than ever before, Lafarge Corporation is adapting effectively to balance the relative costs of importing foreign cement with producing cement domestically in selected coastal markets.

FLEXIBILITY: With a production capacity unequaled on the North American continent, coupled with economical water-borne distribution networks and an effective and well-positioned marketing effort, Lafarge Corporation possesses an extremely flexible combination of cost-efficient production facilities and market potential.

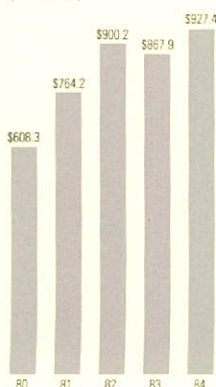
Lafarge Corporation recognizes these opportunities, and will continue to meet the related challenges.

FINANCIAL HIGHLIGHTS

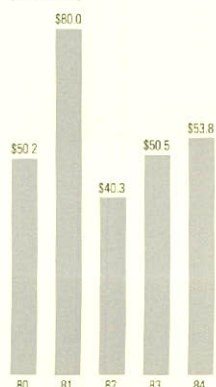
(In millions, except per share information)

Years Ended December 31	1984	1983	1982
OPERATING RESULTS			
Net sales			
Canada	\$532.4	\$ 494.8	\$ 541.3
United States	417.9	385.4	369.9
Inter-country eliminations	(22.9)	(12.3)	(11.0)
Total net sales	927.4	867.9	900.2
Income from operations			
Canada	45.8	45.9	41.3
United States	8.0	4.6	(1.0)
Total income from operations	53.8	50.5	40.3
Net loss	(4.6)	(13.1)	(24.9)
Working capital provided by operations	54.8	50.8	28.2
PER SHARE INFORMATION			
Net loss	\$ (.20)	\$ (.41)	\$ (.79)
Dividends	.20	.18	.24
Book value at year end	9.26	9.99	10.92
FINANCIAL POSITION AT YEAR END			
Working capital	\$142.3	\$ 170.1	\$ 191.7
Identifiable assets			
Canada	484.7	521.3	597.8
United States	494.6	507.2	529.4
Total identifiable assets	979.3	1,028.5	1,127.2
Long-term debt	326.2	348.2	459.4
Shareholders' equity	380.2	404.2	347.3

NET SALES
(In millions)



INCOME FROM OPERATIONS
(In millions)



NET INCOME (LOSS)
(In millions)



QUARTERLY DATA

			Net Income (Loss)	
	Net Sales	Gross Profit	Amount	Per Share
<i>(In millions, except per share information)</i>				
1984 QUARTERS				
First	\$151.8	\$ (3.9)	\$(20.1)	\$(.56)
Second	254.9	46.7	7.5	.18
Third	303.0	61.1	10.1	.25
Fourth	217.7	26.7	(2.1)	(.08)
Total Year	\$927.4	\$130.6	\$ (4.6)	\$(.20)
1983 QUARTERS				
First	\$142.8	\$ (5.7)	\$(25.4)	\$(.80)
Second	242.3	43.1	3.0	.10
Third	283.4	55.4	8.7	.27
Fourth	199.4	35.2	.6	.02
Total year	\$867.9	\$128.0	\$(13.1)	\$(.41)

WORKING CAPITAL PROVIDED BY OPERATIONS
(In millions)



LONG-TERM DEBT
(In millions)



SHAREHOLDERS' EQUITY
(In millions)



LAFARGE CORPORATION'S operating results in 1984 reflected a modest improvement compared with the prior year as net sales increased seven percent, to \$927.4 million, and 1983's net loss of \$13.1 million, or \$.41 per share, was reduced to \$4.6 million, or \$.20 per share.

Despite this improvement, we were disappointed that the Company did not achieve profitability in 1984. The major factors that caused this earnings shortfall were lower than expected price increases and the negative impact of lengthy work stoppages in the U.S.

Still, significant progress was made in 1984 to strengthen the Company's base for profitable growth in the future. This progress, which involved critical, longer-term productivity improvements in several basic areas, was accomplished by:

More efficient use of energy through innovative technology that allows the burning of unconventional, less expensive fuels.

A new relationship with labor that will make possible more efficient employment of the human skills required to produce cement and related building materials.

Recognition of the expanding global nature of the cement industry, which enabled the Company to satisfy customer demand with imported as well as domestically produced cement.

Better utilization of the flexibility provided by our extensive network of plants and markets in the U.S. and Canada.

We have chosen to review the Company's major focus on these strategic areas in subsequent sections of this Annual Report. I direct your attention to pages 8, 12, 16 and 20 and urge you to read the more detailed material presented there.

Summary of 1984 Results

The overall improvement in 1984 operating results was due to increased construction activity in the U.S. and Eastern Canada, a decline in interest expense due to lower debt levels, and the absence of minority interest charges recorded in 1983. These favorable factors were partially offset by depressed construction activity in Western Canada, strike-related costs, a five percent decline in value of Canadian currency and additional depreciation resulting from a change in the estimated useful lives of certain cement plant assets. On an overall basis in 1984, the Company earned \$.6 million before the charge for dividends on a subsidiary's preferred stock.

Our cement shipments into U.S. markets increased 11 percent in 1984 compared with 1983, due to improved U.S. construction activity and additional penetration of the Gulf Coast oilwell cement market. Domestic shipments in Canada increased five percent, with a 17 percent improvement in Eastern Canada, partially offset by a seven percent reduction in Western Canada. The Company's export sales from Canada improved significantly during the year and, as a result, our Canadian cement production increased 11 percent.

The growth in cement demand helped Lafarge Corporation to realize a four percent improvement in its average U.S. cement prices during 1984. Domestic cement prices in Canada declined two percent during the year, primarily due to increased competition in Ontario and Quebec.

The Company's operating results were positively affected by higher concrete and construction profits resulting from increased building activity in Ontario and the profitable conclusion of a major contract in British Columbia. Standard Industries Ltd., which is engaged in producing and marketing a variety of basic construction materials primarily within Ontario, posted substantial earnings for 1984 as a result of good operating performance and a favorable construction climate.

Changes in Management

In early February the Company made several important management changes. John D. Redfern, formerly President and Chief Executive Officer of Lafarge Corporation, was appointed as Chairman of the Board. He replaces Olivier Lecerf, Chairman and Chief Executive Officer of Lafarge Coppée, who will continue as a director of the Company. Jean François, who is Vice Chairman and Chief Operating Officer of Lafarge Coppée and a director of the Company, will assume the additional position of President of Lafarge Corporation.

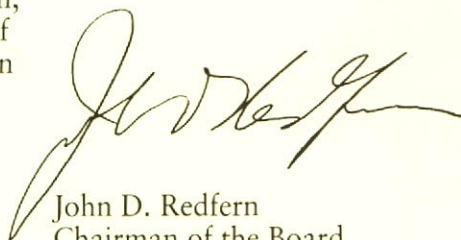
In addition, Robert W. Murdoch, President of Canada Cement Lafarge Ltd., and William D. Jones, President of General Portland Inc., were named Chief Executive Officer of their respective operations. These management structure changes should strengthen our North American performance and provide greater interaction with Lafarge Coppée.

Current Outlook

Although recent financial performance has not met our expectations, we realize that some of the longer-range actions taken during 1984 depressed current operating results. And, we are pleased with the achievements that were made in

several key areas regarding the Company's future profitability.

The immediate prospects for 1985 are encouraging. With the recent decline in interest rates and anticipated growth in public construction, cement consumption is projected to increase further. This additional demand should provide the basis for much needed improvement in selling prices. We anticipate that these gains, and the Company's continuing cost control efforts, will yield profitable results in the year ahead. With the continued dedication and support of our employees, customers and shareholders, we are confident that these expectations will become reality.



John D. Redfern
Chairman of the Board
February 8, 1985

LAFARGE HAS FOCUSED on two technological improvements to reduce fuel expenditures: Developing alternative energy sources that are less expensive than traditional fuels, and plant improvements for more efficient burning.

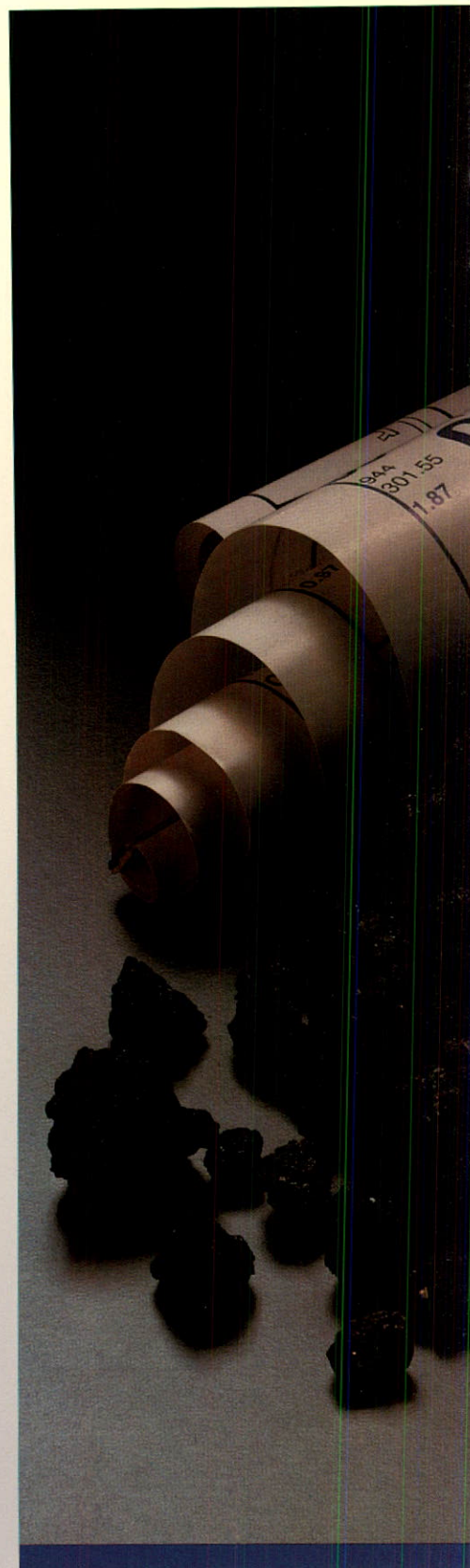
The result has been a dramatic decline in the unit cost of fuel required to manufacture a ton of cement over the last two years. Fuel costs represented 18 percent of the cost of manufacturing a ton of cement at Lafarge Corporation production plants in 1984, down from 23 percent in 1982.

In U.S. production operations, the focus has been on developing systems for burning low-cost industrial waste materials, such as solvent and chemical by-products from the paint, coating and ink industries. In addition to operating efficiencies, General Portland's supplemental fuels program benefits environmental concerns since it safely disposes of waste products that otherwise might be buried or discarded in a less desirable fashion.

General Portland's supplemental fuels program began at the Company's Paulding, Ohio plant in 1978. At Paulding, in the past five years, fuel cost per ton has been reduced by 20 percent, mostly as a result of the implementation of this program. In 1982, the supplemental fuels program was expanded to the Los Robles plant in California, after meeting that state's stringent environmental protection regulations. With the success of the Paulding and Los Robles programs as a guide, permits for the use of a supplemental fuels system at the Fredonia cement plant in Kansas were granted in the Spring of 1984 and construction of the system was completed by year-end.

Canadian plants operated by Canada Cement Lafarge have concentrated fuel-savings efforts on developing other fuel sources to replace more expensive fuels. Canada Cement Lafarge has also improved its overall fuel efficiency through plant improvements that reduce the average level of BTUs required to produce cement, and by increasing capacity utilization of newer, more efficient production facilities. Over the past two years, fuel usage was reduced by 10 percent for Canadian operations, and together with the use of lower priced fuels, represent in 1984 a cost savings of \$6.3 million over 1982 expenditures. Significant savings were achieved by burning coke products at the St. Constant cement plant in Quebec, and the Woodstock plant in Ontario, and by utilizing coal slurry rather than more expensive natural gas at the Richmond production facility in British Columbia. Waste products successfully burned at Canada Cement Lafarge plants permit savings of up to two-thirds the cost of the traditional fuels they replace.

A paramount concern of cement manufacturers, fuel costs have been controlled by Lafarge Corporation through technological leadership and innovative production techniques. From this forward position, with access to the research and development capabilities of our new laboratory in Montreal and those of Lafarge Coppée in France, energy efficiency is expected to continue improving in the years ahead. This will not only benefit Lafarge Corporation but the general public as well, as our efforts help preserve precious energy resources while, at the same time, safely and efficiently dispose of waste by-products and marginal energy sources.





THE FOLLOWING TABLE summarizes the significant highlights of the U.S. operations (financial figures in millions of U.S. dollars).

Years Ended December 31	1984	1983	Percent Change
Net sales	\$417.9	\$385.4	8
Income from operations	\$ 8.0	\$ 4.6	74
Assets employed	\$494.6	\$507.2	(2)
Number of employees	1,800	2,100	(14)

Management and Personnel

On February 5, 1985, William D. Jones, President of General Portland, was appointed, in addition, Chief Executive Officer of that company. During 1984 senior management changes were made which were aimed at strengthening management direction and facilitating technical improvements. Fred W. Koester, formerly Senior Vice President-Operations, was named Senior Vice President in charge of a group of General Portland's operating divisions. Mr. Koester was replaced by Etienne L. Guitton, who formerly served as Vice President-Strategic Planning for Lafarge Coppée and as a Regional General Manager with Ciments Lafarge France and with Canada Cement Lafarge. Mr. Guitton's extensive technical background will be beneficial to General Portland's ongoing plant improvement program and also add general management strength to the senior management team.

Cement Shipments

Total cement shipments increased 11 percent in 1984 due to strong market growth, primarily in California, Florida, Georgia and the northeastern markets. A substantial increase in penetration of the Gulf Coast oilfield market followed the introduction in late 1983 of Lafarge oilwell cement. This cement is produced by Canada Cement Lafarge and imported through the deep-water New Orleans terminal.

Overall market share declined somewhat in 1984, due largely to General Portland's resistance to price deterioration precipitated by foreign imports into certain Gulf Coast markets, as well as the completion of the Dallas/Fort Worth airport expansion project which the company supplied in 1983, and some lost shipments because of the extensive work stoppages.

Shipments of masonry cement, an important premium specialty product, increased 16 percent in 1984 due to a modest increase in housing construction and significant improvement in market penetration in Texas, Georgia and Alabama.

In 1984, General Portland continued to improve its cement distribution network. New terminals were completed at Columbus, Ohio and Buffalo, New York and a terminal in Rockledge, Florida was reopened.

In August, General Portland signed an agreement that gives the Company full use of a deep-water cement import terminal in West Palm Beach, Florida. This facility will provide better access to the growing market in the upper portion of Southeast Florida, while providing significant cost savings by replacing the high-cost production of the Company's Miami plant with low-cost imported cement. In September, the Miami plant was mothballed for an indefinite period of time.

Further expansion of General Portland's distribution system is planned in 1985 with new terminals to be located in West Houston and in Boston.

Markets

Cement consumption in the United States increased strongly for the second year in a row. The 1984 increase of 14 percent followed a 10 percent increase in 1983. Due to the depth of the 1980-1982 recession, however, consumption still fell nine percent short of the 1973 record. The large increase in 1984 resulted from significant increases in office and commercial building and street and highway construction, combined with modest increases in housing starts and industrial construction.

Among General Portland's largest markets, Southern California, Florida and Georgia all experienced consumption growth in excess of 20 percent. High growth in the North Texas market overshadowed the weak economy in Southeast Texas to give the state another consumption record in 1984.

U.S. cement consumption is projected to increase again in 1985 as continued expansion in industrial and commercial building and street and highway construction is expected to more than make up for a possible decline in housing starts. General Portland, with 72 percent of its shipments in the large, fast-growing markets of the Southern U.S., is well-positioned to obtain the maximum benefit from continued economic expansion.

Cement Prices

Due to increased levels of demand, General Portland was able to achieve an average price increase of four percent in 1984. This increase was considerably below the price improvement which has historically accompanied the second consecutive year of significant increases in cement consumption. The leading causes of the shortfall were pricing pressure from imports in the Gulf Coast area and relatively low capacity utilization in Southern California which resulted in minimal price improvement in these markets despite favorable consumption trends. In Southeast Texas, new import competition precipitated a decrease in the selling price for cement. In General Portland's midwestern and northeastern markets, strong demand did result in attractive price increases. Pricing in the North Texas market benefited from high levels of demand, tempered somewhat by pricing pressure to the south.

The outlook for pricing in 1985 is optimistic, as we believe that the pricing of imported cement will stabilize or improve, assuming that consumption growth continues.

Cement Manufacturing Costs

Cement production decreased three percent in 1984 for two reasons. First, the Miami plant was closed in September for an indefinite period of time due to its current non-competitive situation. The plant's production volume was replaced with cement imported by General Portland through a deep-water terminal General Portland has contracted to use in West Palm Beach. Second, a series of labor strikes restricted production volume at many of the Company's production facilities.

Manufacturing cost control was excellent. In spite of lower production volume, extraordinary strike-related costs, and one-time costs incurred to mothball the Miami plant, manufacturing cost per ton increased only two percent in 1984. A major reduction in cost was achieved by the Los Robles plant in California following a rehabilitation project which was completed in 1983. In addition, the Balcones plant, the Company's newest, reduced its already excellent costs again in 1984.

General Portland remains committed to achieving substantial efficiency improvements under a five-year program begun in 1983. Technical advances were sacrificed to some extent in 1984 while Company technical personnel supplemented plant staffing during the labor strikes. The labor productivity improvements which were implemented during and after the strikes, however, are an important element of the efficiency and cost improvement program. The productivity gains achieved thus far — including elimination of inefficient work rules, the use of outside contractors and the establishment of a lower wage scale for new employees — must be maintained or enhanced by any labor contract which General Portland may ultimately enter into.

Energy cost improvement, along with labor productivity, continues to receive the highest priority. Since the plant improvement program was initiated, fuel cost per ton of clinker has been reduced by 13 percent through the increased use of waste fuels, utilization of petroleum coke instead of coal where it was available at a favorable price, and implementation of technical improvements to increase efficiency. In 1984, the plants at Paulding, Ohio; Los Robles, California; and Fredonia, Kansas utilized waste fuels for an average of 23 percent of their total fuel requirements. Additional waste fuel installations at other plants are presently being evaluated.

Overall, in the two full years since the improvement program began, manufacturing cost per ton has decreased as efficiency gains have more than offset the impact of inflation.

(continued on page 14)

IN BOTH CANADA and the U.S., the pattern of labor-management relationships in the cement industry was set during the more prosperous business cycles of the 1950s, 1960s and 1970s. The emphasis during these cycles was on increasing output to meet demand, while avoiding work disruptions that could result from confrontational bargaining.

Today, with increased competition from imported cement and alternative building materials, as well as the increase in non-union domestic manufacturers in the U.S., the economic and technological environment has changed dramatically. In both countries, in order to protect local jobs and remain profitable, management and labor have had to adjust their thinking. Antiquated work rules with dozens of job classifications, coupled with other contractual restrictions, have proven unworkable in the competitive environment of the 1980s.

Although there are major differences between the U.S. and Canada in the labor relations area, the underlying challenges of the industry remain the same. Accordingly, Canada Cement Lafarge and General Portland have sought to negotiate new labor agreements that recognize and reflect the realities of their respective environments.

For General Portland, the adjustment has not been painless; work stoppages at seven of its plants occurred in the Autumn of 1984 over economic issues, including the elimination of inefficient work practices, the use of outside contractors, establishment of a lower wage scale for new entry-level employees and the reduction of multiple premium payments. Throughout the work

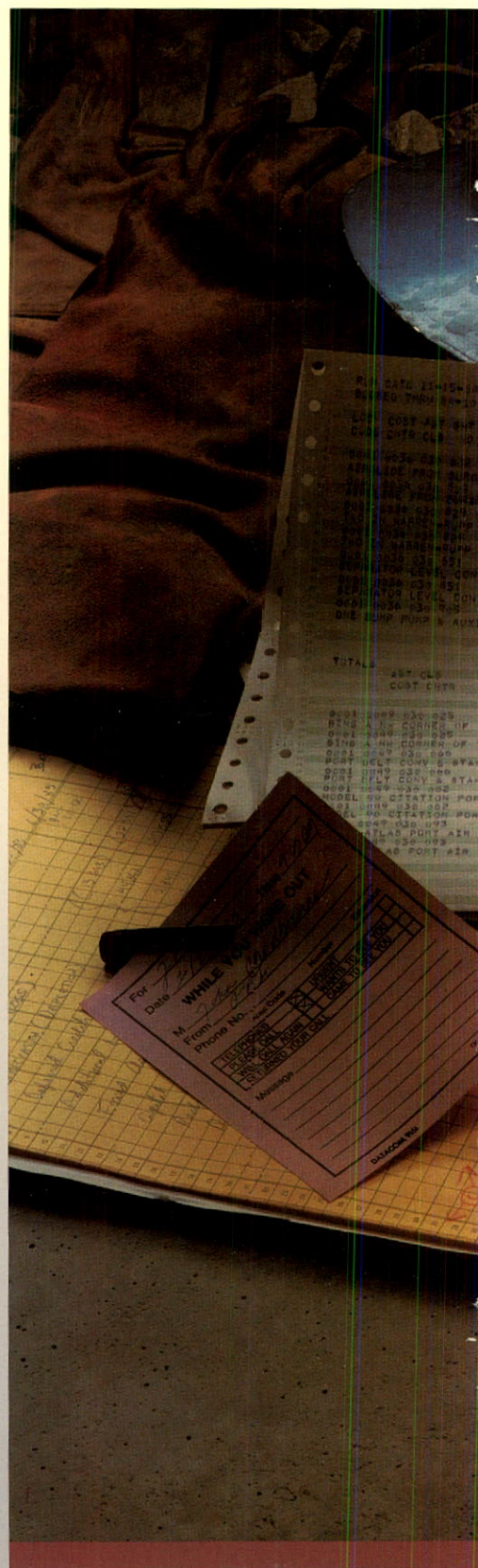
stoppages, all of the facilities, except one, continued to operate by utilizing management and contract personnel.

In Canada, with a different competitive and industrial relations environment and no Master Collective Agreement, negotiations have taken place on a regional basis, permitting greater emphasis on local conditions. As of mid-February 1985, three collective agreements have been signed for new three-year periods, providing for increased flexibility in work practices and moderate increases over the next three years.

An example of this positive attitude was displayed recently at our Havelock, New Brunswick, plant, where the salaried staff and hourly personnel agreed to a reduction in wages and elimination of restrictive work practices in order to provide, along with other negotiated cost reductions, the opportunity for the plant to resume production.

Our challenge and opportunity for the second half of the 1980s will be to strengthen the mutual dependency that exists between management and our employees in pursuit of business success. This will require basic changes in labor agreements, and personnel programs providing for customized job skills and operating procedures at each production facility.

By forming a cooperative, flexible and innovative partnership with our employees, Lafarge Corporation — from the newest hourly employee through middle and senior management and ultimately to the individual shareholder — will benefit from the positive business opportunities ahead.



(continued from page 11)

Concrete Products, Aggregates and Flyash

Results from non-cement operations benefited in 1984 from the elimination of losses in the ready-mix business, which was sold in 1983.

Profits from construction aggregate operations improved moderately in 1984, despite a small decline in sales volume and the costs associated with the closing of an unprofitable plant in Louisiana. The earnings increase resulted from price increases in the strong North Texas market and higher royalties from our aggregate reserves in Florida. During 1984 a new sand and gravel plant was opened and a substantial amount of additional sand and gravel reserves were purchased to improve our position in the Dallas/Fort Worth market area.

Profits from General Portland's flyash business in Texas declined somewhat in 1984 because of deterioration in net prices primarily in the Houston area. The Company opened a new processing plant in Northeast Texas in 1984, and two additional facilities will be opened in 1985 and 1986, providing a flexible network of well-positioned plants. As a result, General Portland anticipates growth in volume and profits in the flyash business in future years.

Capital Expenditures

Capital expenditures in 1984 totaled \$17.3 million, representing spending for attractive expansion and cost reduction opportunities. In addition to basic expenditures that support planned levels of operation, General Portland acquired substantial aggregate reserves and opened a new sand and gravel plant in the Dallas/Fort Worth area. It also constructed a new flyash processing facility in Northeast Texas near Monticello, opened new cement distribution terminals in Buffalo, New York and Columbus, Ohio and built a permanent supplemental waste fuel facility at the Fredonia, Kansas plant.

General Portland plans capital expenditures in 1985 of approximately \$20 million. Projects of significance include the construction of new cement distribution terminals west of Houston and in Boston, further expansion of aggregate reserves, and continuing expenditures under the five-year program to improve plant efficiencies.

Plans for the construction of a new cement plant in North Texas are still being developed, while exploration and laboratory testing for the best raw material reserves in an advantageous location continue. If these construction plans are implemented in the future, capital expenditures would increase substantially.

Other Activities

In 1984 General Portland sold the remaining portions of the Los Rios project in the Dallas suburb of Plano, thereby completing its withdrawal from the real estate development business. For the year, real estate contributed \$2.9 million to pre-tax income and \$4.3 million to cash flow.

Selling and administrative expense increased 13 percent in 1984, the largest part being legal expense related to General Portland's successful defense against the antitrust suits which had finally neared the trial stage after eight years in the courts. In the third quarter, most of the cases were dismissed, and in October we entered into settlements with the remaining plaintiffs. Settlement costs totaled \$171,000. The elimination of this burden on profits and management time will be a significant benefit in 1985.

THE FOLLOWING TABLE summarizes the significant highlights of the Canadian operations (financial figures in millions of U.S. dollars).

Years Ended December 31	1984	1983	Percent Change
Net sales	\$532.4	\$494.8	8
Income from operations	\$ 45.8	\$ 45.9	—
Assets employed	\$484.7	\$521.3	(7)
Number of employees	4,200	4,000	5

Management and Personnel

In May 1984, John D. Redfern, formerly Vice-Chairman and Chief Executive Officer of Canada Cement Lafarge, was appointed Chairman of the Board of Directors of that subsidiary. He succeeds Peter M. McEntyre, who retired after serving as Chairman for 16 years. Mr. McEntyre continues to serve as a Director of Lafarge Corporation and its two operating subsidiaries. On February 8, 1985, Robert W. Murdoch, President of Canada Cement Lafarge, was appointed, in addition, Chief Executive Officer of that company.

Cement Shipments

Cement shipments from Canada Cement Lafarge's plants increased 16 percent from 1983, due to a significant improvement in domestic volume in Eastern Canada, increased consumption in the U.S. border states and the shipment of Lafarge Class H oilwell cement to General Portland.

Substantial improvements in domestic cement shipments were realized in the Ontario, Quebec and Atlantic Regions. A stronger construction economy in the metropolitan centers of Quebec and Ontario and an increase in consumption in Nova Scotia contributed to the improvement in Eastern Canada. Continued weakness in the energy dependent economy of Alberta, combined with a serious overbuilt condition in the commercial and residential sectors, resulted in a decrease in shipments in the Western Region. In the Pacific Region, a number of major projects related to

Expo 86 and the Vancouver Advanced Light Rapid Transit offset a decrease in general construction activity and cement shipments remained at 1983 levels.

Strong demand in the U.S. markets adjacent to the Quebec and Ontario Regions also contributed to improved volumes in 1984. In addition, two supply contracts to U.S. border states were obtained in 1984, resulting in an increase in export shipments from the Atlantic and Pacific Regions.

In late 1983, Canada Cement Lafarge began to supply Lafarge Class H oilwell cement to General Portland's deep-water terminal in New Orleans. This supply arrangement continued in 1984 and shipments for the year increased substantially.

The recent trend of improved shipments in Eastern Canada and on the exports market is encouraging and if it continues, cement shipments can be expected to increase in 1985.

Markets

In Canada, the general improvement in the economy that occurred in 1984 was largely driven by personal expenditures for consumer goods. No overall recovery in construction activity has yet occurred because of continued depressed conditions in Alberta and British Columbia, but there is evidence of a strengthening economic trend developing in the eastern half of the country.

Housing starts declined an estimated 18 percent in 1984 as the mini-boom of 1983 abated early in the year when government incentives terminated. Business capital spending increased slightly; however non-residential construction was again characterized by a lack of significant projects and the overbuilt conditions that exist in Alberta. As a result, Canadian cement consumption increased only slightly to approximately 7.2 million tons, from the historically low 7.0 million ton level recorded in 1983 and 1982.

A continuing increase in consumption in Eastern Canada is expected and activity in Western Canada is finally projected to stabilize in 1985.

(continued on page 18)

LIKE MANY OTHER businesses, the cement industry has shown a trend toward more internationalization. This trend has been supported by two principal factors.

The first is foreign ownership of domestic cement production facilities. Today, approximately 35 percent of the North American cement manufacturing capacity, including Lafarge's, is owned wholly or partially by European producers, who have elected to enter the market through investment.

The second factor is the strengthening of competition from foreign producers, some subsidized by their governments. These producers have also benefited from the current low level of ocean transportation rates and the relative high value of the U.S. dollar to their currencies.

In the U.S., cement imports have historically been a necessary complement to supply the more easily accessible markets as domestic capacity is not sufficient to meet market requirements in periods of strong activity. These sources of cement are mostly restricted to growth markets in coastal areas where large-scale operations, based on expensive networks of terminal facilities, can be economically serviced.

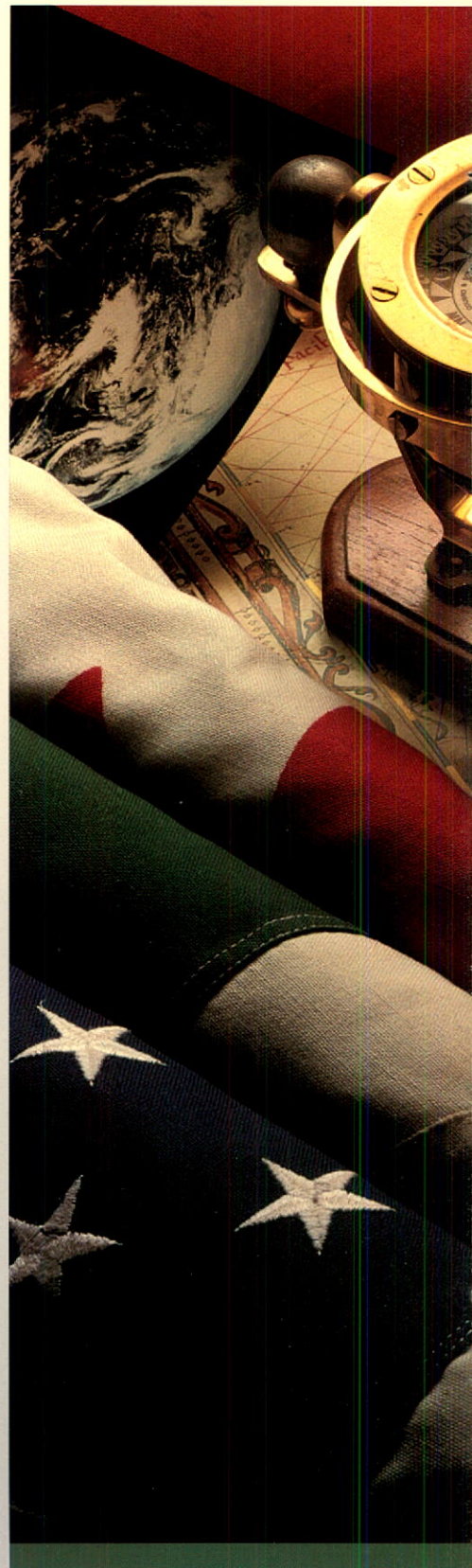
Lafarge, with both Canadian and U.S. production and distribution capabilities, is uniquely positioned to exercise its options between domestically produced cements and imports. A good exam-

ple of this capability was evident in August 1984, when General Portland contracted to purchase sufficient quantities of portland cement to replace production at the Company's Miami, Florida plant, which was temporarily closed. Cement produced at Tamuin, Mexico is imported through a deep-water terminal managed by General Portland in West Palm Beach, Florida. The Miami plant is being maintained in operating condition to resume production if the economic advantages of importing cement lessen or if additional domestic production is required to supply the Florida market.

Through this ability to adapt, General Portland has maintained its leadership in the growing Florida market. General Portland now has the capability of supplying customers with cement manufactured to the Company's specifications in Mexico, cement produced by General Portland's own Florida plants or cement supplied by Canada Cement Lafarge or Lafarge Coppée.

Also, in the U.S. markets contiguous to the Canadian border, Canada Cement Lafarge continues to benefit from its low-cost modern capacity by increasing its exports to these areas.

The effective combination of Lafarge Corporation's Canadian and U.S. production and import/export capabilities allows the Company to supply market demand in the most efficient and secure manner.





Cement Prices

After several years of stable or increasing domestic cement prices, the average selling price in Canada declined two percent in 1984. Prices in Eastern Canada were generally lower than 1983 due to strong competitive pricing pressures and in Western Canada, prices remained approximately at 1983 levels. Price increases were implemented during 1984 in Canada Cement Lafarge's North-eastern U.S. markets. Every effort will be made in 1985 to achieve much needed price improvement. A price increase of Cdn. \$5.00 per metric ton was announced in Ontario starting January 1, 1985. However, strong competitive pricing pressures are expected to continue to be a major factor in the marketplace.

Cement Manufacturing Costs

A major focus over the past two years has been the area of manufacturing cost reduction and productivity improvements. Emphasis has been placed on cost-to-supply, resulting in the operation of the Company's most efficient plants at as high a rate of utilization as possible and very limited use of older, higher cost facilities. In addition, significant management time and capital spending have been directed toward increasing fuel efficiency and equipping plants to enable them to utilize less expensive fuels such as coal, coke and industrial by-products.

In 1984, the combination of intensive cost-reduction programs and an 11 percent increase in cement production resulted in an overall reduction in the cost per ton of cement of four percent. This cost decrease was due in part to increased use of alternate fuels at several plants and particularly strong operating performance at the Brookfield, St. Constant, Exshaw and Richmond plants.

Production at the St. Constant plant increased significantly in 1984 as this plant produced Lafarge Class H oilwell cement for General Portland. In spite of the production constraints that this additional product added and its higher cost of production, the average cost per ton at St. Constant was maintained at 1983 levels due pri-

marily to the utilization of coke products and volume related production efficiencies. Improvements in the operation of the four-stage pre-calciner kiln at Exshaw continued in 1984 and unit costs were held to 1983 levels at this plant even though production volumes were reduced.

One of the Company's main objectives is to be a low cost producer of cement. Consequently, in 1985 efforts to control and reduce, where possible, cost-to-supply will be continued. Through the utilization of more economical fuels and the most efficient plants and through implementation of programs to improve the productivity of our people, Canada Cement Lafarge expects to enhance its principal operating strength — production efficiency and the ability to manufacture a quality product at a competitive cost.

Concrete Products, Aggregate and Construction Operations

In 1984, earnings from the concrete products, aggregate and construction operations increased and represented 37 percent of Canadian operating profits, compared with 34 percent in 1983 and 28 percent in 1982.

One major reason for the improvement was the successful completion of the contract to produce the prestressed concrete beams and structural members for the Vancouver Advanced Light Rapid Transit project. This project, which began in 1983, was supplied by Supercrete, a division of Canada Cement Lafarge, and involved the fabrication of more than 1,000 guideway beams for the elevated portions of the transit system. Profits on this project and the impact on related products operations in the Vancouver area contributed significantly to the increased sales and improved earnings performance achieved in 1984.

Another major factor in the 1984 improvement was the continued strong performance of Standard Industries. With the exception of ready-mix concrete operations, where severe competitive pressures continued to erode profit margins, substantially all of Standard's basic construction materials and concrete products operations achieved improved sales and earnings in 1984.

Also in 1984, substantial improvements in sales volumes and margins were achieved in Canada Cement Lafarge's aggregate operations, particularly in the metropolitan markets of Quebec, Ontario and British Columbia. This improvement was primarily related to the level of construction activity in the metropolitan centers of these provinces and to the Company's ability to take advantage of opportunity sales as they arise.

In 1985, a key objective in the concrete, aggregate and construction operations will be to improve profit margins, particularly in ready-mix concrete where price erosion has occurred and where returns have been unsatisfactory. Every effort will be made to increase prices wherever market conditions permit and to ensure cost competitiveness in all product lines.

Capital Expenditures

In 1984, capital expenditures totaled \$22.4 million, compared with \$11.2 million in 1983. Capital spending has been strictly controlled for the past three years as funds have been utilized to reduce debt. The Company has necessarily limited expenditures to projects required to sustain operations or reduce production costs and to those expansion projects considered vital to achieve strategic objectives.

Major projects in 1984 included construction of alternate fuel burning facilities at several plants, the replacement of older equipment and facilities in the concrete and construction operations and the acquisition of substantial aggregate reserves in Ontario.

Another significant project which was begun in 1984 was the construction of a Research and Technical Center in Montreal. This facility, which will combine the activities of the Company's cement and concrete research laboratories, is expected to improve the efficiency and lower the cost of the Company's research and development efforts. The Research and Technical Center is being constructed with the aid of the Federal and Provincial governments. The completion of this project early in 1985 demonstrates the Company's continued commitment to technical excellence.

In 1985, capital expenditures will continue to be tightly controlled. The Company will invest in cost reduction projects, with emphasis on energy, in the cement plants, as well as improving the cement distribution network. In addition, a large portion of the 1985 capital expenditure program is designated for replacing older mobile equipment in the concrete, aggregate and construction operations.

CANADA CEMENT LAFARGE'S acquisition of General Portland in 1981 created a business combination that, under the Lafarge Corporation corporate umbrella and augmented by the expertise and assistance of the Lafarge Coppée Group, has created production and distribution efficiencies at previously unattainable levels.

These newly acquired strengths are especially evident in manufacturing and marketing flexibility. Oilwell cements, which are specialty products that command premium prices, provide a clear example of this synergy.

Historically, the Gulf Coast market for oilwell cements has been supplied from General Portland's Dallas and Fort Worth plants. However, the Company is now serving the Eastern Gulf Coast market with Lafarge Class H, a specialized oilwell cement produced at the St. Constant plant operated by Canada Cement Lafarge in Quebec. This product is distributed to the marketplace through General Portland's terminal in New Orleans.

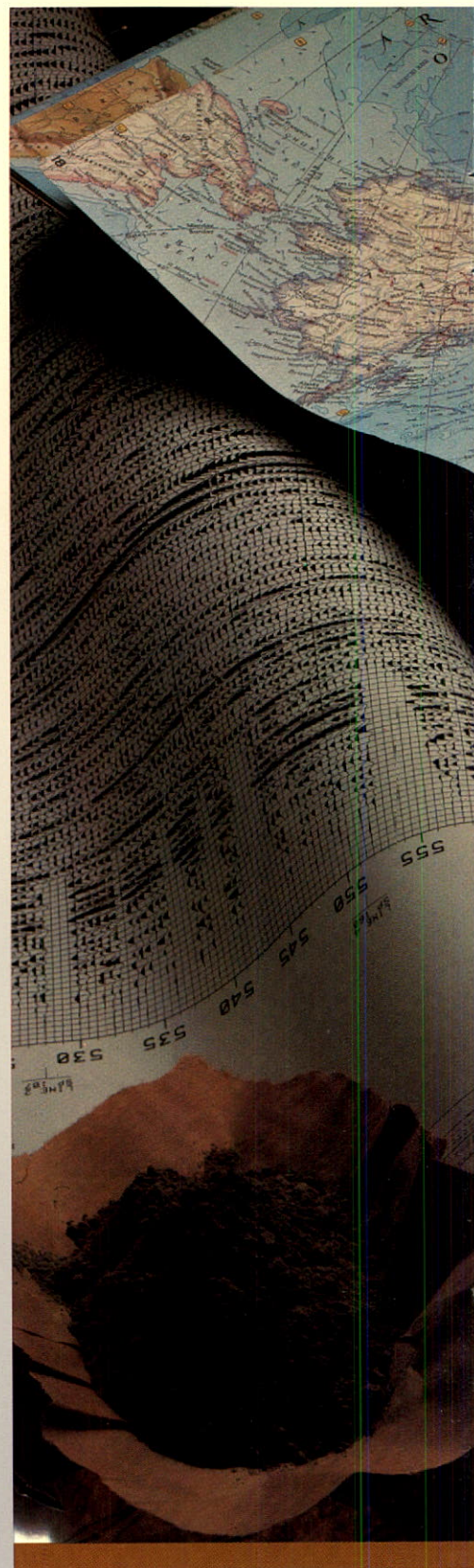
Demand for oilwell cements has declined somewhat in the Gulf Coast region with the sustained softness in the energy industry since 1981. Accordingly, Lafarge Corporation decided to concentrate on the production of the Lafarge Class H oilwell cement for U.S. markets at St. Constant and ship it via chartered vessels for distribution through the New Orleans terminal. This freed a portion of the capacity at the Fort Worth cement plant for pro-

duction of portland cements to supply the vigorous construction markets in Texas, while continuing to supply the necessary oilwell cements to meet market requirements closer to the plant.

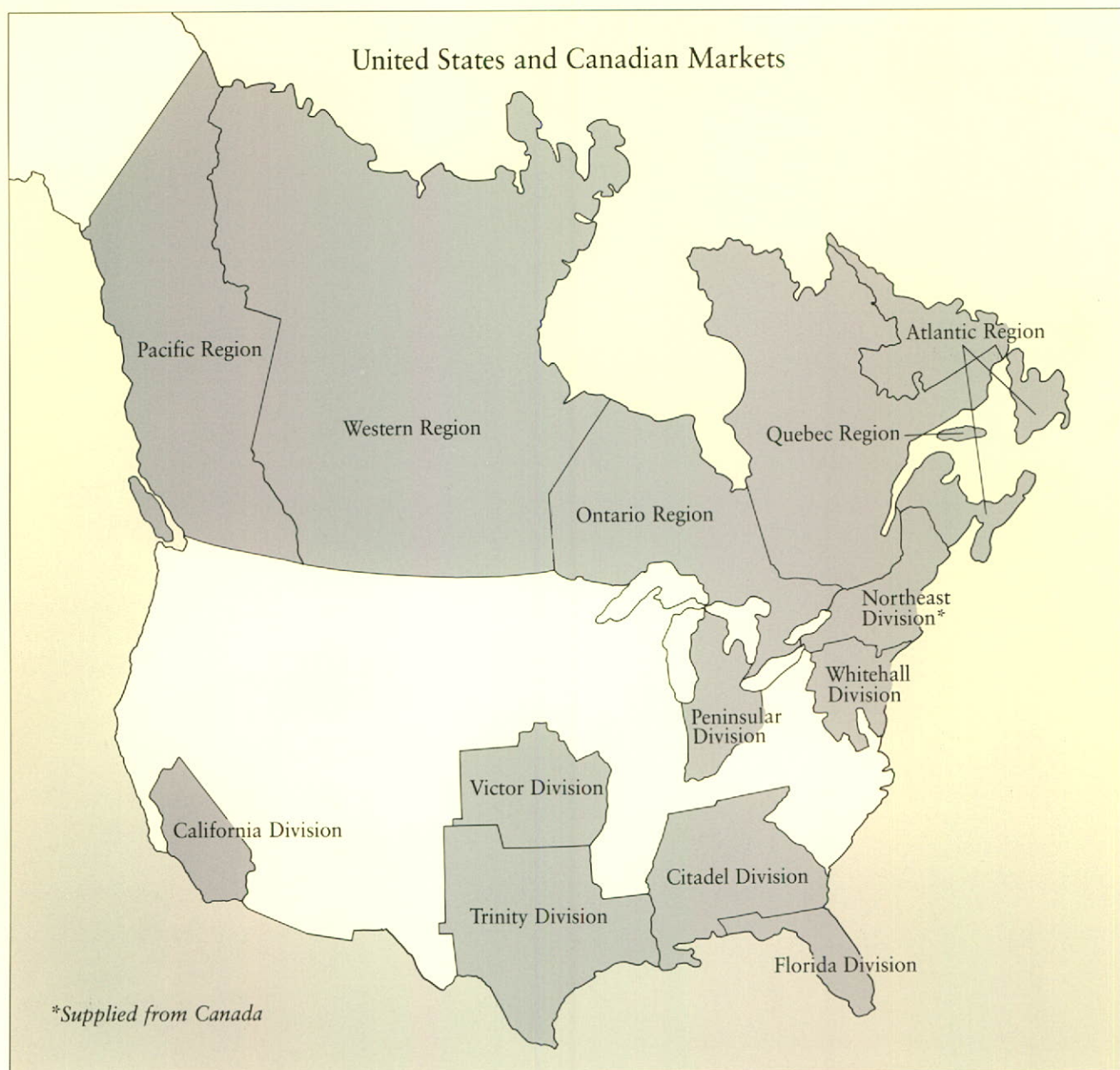
In 1983, the first year of operations under the new business combination, slightly more than one shipload of Lafarge Class H cement was produced at St. Constant, delivered to the New Orleans terminal and sold to General Portland customers in the on- and off-shore oil and gas fields of the Gulf Coast region. Aided by improved market penetration, this volume increased significantly in 1984, and shipments are expected to increase in future years, when the energy industry enters a recovery stage and oil and gas exploration, development and production levels rise above the depressed levels of 1984.

Oilwell cements are just one example of the synergy, efficiencies and flexibility that have resulted from the combination of Canada Cement Lafarge and General Portland, and Lafarge Corporation's positioning in the North American marketplace. Other examples, less visible, also exist. These include expanded research and development capabilities and the greater pool of marketing, financial and technical expertise.

Through the flexibility provided by its broader base of resources, Lafarge Corporation is meeting the challenge of participating in a growing marketplace.







Cement Manufacturing Facilities

Location	Process	Capacity (In short tons)	Location	Process	Capacity (In short tons)
UNITED STATES PLANTS:			CANADIAN PLANTS:		
New Braunfels, Texas	Dry*	1,000,000	Brookfield, Nova Scotia	Dry	535,000
Fort Worth, Texas	Wet	731,000	Havelock, New Brunswick	Dry	347,000
Dallas, Texas	Wet	475,000	St. Constant, Quebec	Dry	1,053,000
Tampa, Florida	Semi-Dry	650,000	Bath, Ontario	Dry*	1,103,000
Miami, Florida	Wet	610,000	Woodstock, Ontario	Wet	590,000
Whitehall, Pennsylvania	Dry*	800,000	Fort Whyte, Manitoba	Wet	623,000
Demopolis, Alabama	Dry*	750,000	Exshaw, Alberta	Dry*	1,356,000
Lebec, California	Dry	610,000	Kamloops, British Columbia	Dry	209,000
Paulding, Ohio	Wet	554,000	Richmond, British Columbia	Wet	612,000
Fredonia, Kansas	Wet	407,000			
U.S. cement capacity		6,587,000	Canadian cement capacity		6,428,000
			Total Capacity		13,015,000

*Pre-heater process plants.

Management's discussion and analysis of Lafarge Corporation's consolidated operating results begins on this page. The discussion of consolidated financial condition, liquidity and shareholders' equity is presented on pages 26, 28 and 30. This discussion and analysis relates to the Consolidated Financial Statements and the Notes to Consolidated Financial Statements on pages 25, 27, 29, 31 and 32 through 38.

Lafarge Corporation (the "Company") is the parent company of Canada Cement Lafarge Ltd. ("CCL") in Canada and General Portland Inc. ("GPI") in the United States. Lafarge Coppée, a French corporation, and certain of its affiliates (the "Lafarge Coppée Group") own a majority of the outstanding voting securities of the Company.

Operating Results

Net Results

In 1984, the Company recorded a net loss of \$4.6 million, or \$.20 per share, which was a reduction of \$8.5 million, or \$.21 per share, compared with the net loss recorded for 1983. This improvement was due to higher earnings from the U.S. cement operations, lower interest expense and the absence of minority interest charges recorded in 1983. These positive factors were partially offset by the significant costs of extended labor strikes in the U.S. and the temporary closure of the Miami cement plant, additional depreciation due to a change in the estimated useful lives of certain cement plant assets and a five percent decline in value of Canadian currency. Before the charge for dividends on a subsidiary's preference shares, the Company earned \$.6 million in 1984.

The net loss for 1983 was \$11.8 million, or \$.38 per share, less than the net loss reported in 1982. This improvement resulted from lower interest expense, higher non-cement profits at CCL and GPI, increased miscellaneous income and decreased selling and administrative expenses. These favorable items were partially offset by an increase in minority interest charges and higher taxes, primarily related to the improvement in pre-tax earnings.

Net Sales

The following table compares the sources of net sales for 1984, 1983 and 1982 by product line (in millions).

	1984	1983	1982
Cement	\$574.0	\$531.8	\$547.5
Concrete products and aggregates	321.6	297.2	314.2
Construction	99.9	96.3	105.8
Real estate	4.0	7.0	1.6
Eliminations	(72.1)	(64.4)	(68.9)
TOTAL NET SALES	\$927.4	\$867.9	\$900.2

In 1984, net sales were \$59.5 million, or seven percent, greater than in 1983, primarily as a result of higher cement shipments from the Company's plants in both Canada and the U.S., increased U.S. cement prices and higher sales from the Canadian concrete and aggregate operations. These favorable items were partially offset by lower cement and ready-mix prices in Canada and the effect of the decline in value of Canadian currency.

Net sales for 1983 were \$32.3 million, or four percent, lower than in 1982 as a result of a decline in Canadian cement shipments, a decrease in U.S. cement prices and reduced sales from the Canadian concrete, aggregate and construction operations. The negative impact of these items was partially offset by an increase in U.S. cement shipments, higher Canadian cement prices and improved aggregate and real estate sales in North Texas.

The following table summarizes the Company's cement shipments by country and source for 1984, 1983 and 1982 (in millions of tons).

	1984	1983	1982
U.S. CEMENT SHIPMENTS FROM			
U.S. plants	5.37	5.12	4.89
Canadian plants	.70	.36	.53
Total U.S. cement shipments	6.07	5.48	5.42
CANADIAN CEMENT SHIPMENTS	2.59	2.47	2.70
TOTAL CEMENT SHIPMENTS	8.66	7.95	8.12

The Company's 1984 cement shipments into the U.S. markets increased 11 percent compared with 1983, due to improved construction activity and the Company's additional penetration of the Gulf Coast oilwell cement market. The Company's domestic cement shipments in Canada increased five percent, with a 17 percent improvement in Eastern Canada, partially offset by a seven percent reduction in sales to the western provinces, which were affected by depressed economic activity. U.S. selling prices increased four percent compared with 1983, due to a substantial increase in U.S. cement consumption. In Canada, the average domestic selling price decreased two percent as a result of competitive pressures primarily in Ontario and Quebec.

In 1983, cement shipments into the U.S. markets were comparable to 1982, with a five percent increase in sales from the U.S. plants offset by a decline in Canadian exports due to the cancellation of a cement supply contract shipped in 1982. The increase in sales from the U.S. plants resulted from increased demand, due to a substantial increase in U.S. housing starts. Domestic shipments in Canada decreased nine percent in 1983, due to a lack of growth in the Canadian construction economy and weak energy-related activity in Western Canada. Due to strong competitive market pressures, the Company's average selling price of cement in the U.S. decreased four percent compared with 1982. Domestic selling prices in Canada remained stable during 1983.

Cost of Goods Sold

The following table compares the Company's cost of goods sold for 1984, 1983 and 1982 by product line (in millions).

	1984	1983	1982
Cement	\$493.5	\$444.9	\$447.3
Concrete products and aggregates	280.0	268.8	287.4
Construction	93.5	87.4	101.6
Real estate	1.9	3.2	1.0
Eliminations	(72.1)	(64.4)	(68.9)
TOTAL COST OF GOODS SOLD	\$796.8	\$739.9	\$768.4

In 1984, cost of goods sold was \$796.8 million, or \$56.9 million greater than in 1983. The eight percent increase in 1984 primarily reflects the higher sales volume previously discussed, the increase in depreciation expense and non-recurring costs related to extended labor strikes in the U.S. and the temporary closure of the Miami cement plant. In 1983, cost of goods sold decreased \$28.5 million, or four percent, from the amount recorded in 1982. This decrease primarily reflected the lower sales volume in 1983 and the Company's successful cost control efforts.

The following table summarizes the Company's cement production by country for 1984, 1983 and 1982 (in millions of tons).

	1984	1983	1982
CEMENT PRODUCTION			
United States	4.96	5.13	4.84
Canada	3.18	2.87	3.16
TOTAL CEMENT PRODUCTION	8.14	8.00	8.00

In 1984, the Company produced 8.14 million tons of cement, which was two percent higher than the production in 1983. This increase reflects an 11 percent improvement in Canadian production due to higher sales requirements, partially offset by a three percent decrease in the U.S. due to the labor strikes and the absence of a full year's production from the Miami cement plant, which was temporarily closed in September. The lost production in the U.S. was replaced by .4 million tons of purchased cement. Cement production in 1983 was comparable to 1982, with an increase in the U.S. offset by lower Canadian activity due to the loss of an export cement supply contract that was shipped in 1982.

The Company's average cement manufacturing cost per ton at its Canadian plants in 1984 was four percent lower than the corresponding cost in 1983, due to higher production volume and cost containment, primarily through the use of more efficient facilities and alternate fuel sources. Unit production costs in the U.S. increased two percent, primarily due to the strike costs and the temporary shutdown of the Miami plant. In 1983, unit cement manufacturing costs at the U.S. plants decreased five percent compared with 1982, due to higher production volume. In Canada, 1983 unit production costs increased due to a nine percent decrease in production volume.

Selling and Administrative Expense

In 1984, selling and administrative expense was \$85.8 million, which was comparable to the amount recorded in 1983, despite higher U.S. legal expenses related to the successful resolution of the Company's antitrust litigation. In 1983, selling and administrative expense decreased \$1.2 million compared with 1982, due to the Company's efforts to control discretionary expenses.

Interest Expense

Net interest expense for 1984 was \$39.3 million, or \$7.8 million lower than 1983. This decrease resulted from lower debt levels related to the Company's \$44.2 million equity offering in December 1983 and from internal cash flow generation, partially offset by higher interest rates. In 1983, net interest expense decreased \$19.6 million from the prior year as a result of lower debt levels and interest rates.

Other Income

Other income in 1984 increased \$.8 million over 1983 primarily as a result of a property tax refund and miscellaneous other items, partially offset by a lower level of gains from the sale of fixed assets. In 1983, miscellaneous income was \$12.9 million higher than 1982, due primarily to the absence of loss provisions recorded in that year.

Income Taxes

The Company's U.S. operations have extensive net operating loss carryforwards and are unable to record tax benefits on the substantial interest expense of the U.S. parent company, Lafarge Corporation. The Canadian operations are in a tax paying situation. The increase in the consolidated tax provision in 1984 and 1983, compared with the prior year, primarily relates to the increase in Canadian pre-tax earnings. For further information on the Company's tax situation, refer to Income Taxes in the Notes to Consolidated Financial Statements on page 37.

Dividends on Preference Shares of Subsidiary

The dividends included in this caption on the Company's Consolidated Statements of Income (Loss) were paid to holders of CCL's preference shares. These dividend payments are at fixed rates, and the reduction in 1984 reflects the redemption of the First Preference Shares of CCL in August 1984.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(In thousands, except per share amounts)

Years Ended December 31	1984	1983	1982
Net sales	\$927,396	\$867,874	\$900,186
Costs and expenses			
Cost of goods sold	796,846	739,890	768,403
Selling and administrative	85,772	85,738	86,896
Interest expense, net	39,275	47,051	66,666
Other (income) expense, net	(9,032)	(8,281)	4,612
Total costs and expenses	912,861	864,398	926,577
Pre-tax income (loss)	14,535	3,476	(26,391)
Income taxes (benefit)	13,950	8,300	(7,730)
Income (loss) before following items	585	(4,824)	(18,661)
Dividends on preference shares of subsidiary	(5,171)	(5,773)	(5,683)
Minority interest	—	(2,483)	(558)
NET LOSS	\$ (4,586)	\$ (13,080)	\$ (24,902)
NET LOSS PER SHARE	\$ (.20)	\$ (.41)	\$ (.79)
DIVIDENDS PER SHARE	\$.20	\$.18	\$.24
AVERAGE NUMBER OF SHARES OUTSTANDING	37,018	32,181	31,474

See Notes to Consolidated Financial Statements.

Financial Condition

Working Capital

During 1984, working capital was reduced by \$27.8 million, primarily as a result of lower inventories, higher accounts payable and accrued liabilities and increased income taxes payable. This follows a reduction of \$21.6 million during 1983. The working capital ratios at December 31, 1984 and 1983, were 2.1 to 1 and 2.5 to 1, respectively.

Cash and short-term investments decreased \$5.2 million in 1984 and \$29.4 million in 1983, primarily due to the application of cash and short-term investments to the reduction of long-term debt. Receivables increased \$11.2 million in 1984, as a result of higher sales in the eastern provinces of Canada during December due to unseasonably good weather.

Inventories were \$131.8 million at December 31, 1984. This was \$9.5 million less than the balance at the end of 1983, primarily due to the decline in value of Canadian currency and a reduction in spare part inventories.

Accounts payable and accrued liabilities were \$105.3 million at December 31, 1984. This was \$13.4 million greater than the balance at the end of 1983, due to an increase in trade accounts payable related to higher production levels in Canada and the United States during the latter part of 1984. Income taxes payable increased \$9.3 million, as a result of higher pre-tax earnings generated in Canada.

Property, Plant and Equipment

Property, plant and equipment decreased \$47.1 million during 1984, due to the excess of depreciation and the decline in value of Canadian currency over capital expenditures. These items are discussed more fully in the Liquidity Financial Review on page 28.

Excess of Cost over Net Assets of Businesses Acquired

This caption on the Consolidated Balance Sheets primarily reflects the excess of the Company's cost to acquire GPI in 1981 over its recorded net assets. During 1984 the balance in this caption decreased \$3.4 million, due to current year amortization and the \$2.3 million excess of recorded book value over the cost to redeem the CCL First Preference Shares in August 1984.

Other Assets

Other long-term assets increased \$9.0 million during 1984, primarily due to the receipt of \$8.0 million in restricted funds from an industrial revenue bond financing completed in December 1984.

Capitalization

The following table summarizes the components of the Company's total capitalization at the end of 1984, 1983 and 1982.

December 31	1984	1983	1982
Long-term debt	38.4%	37.9%	46.5%
Deferred credits	9.6	9.8	9.3
Minority interest	—	—	1.3
Preference shares of subsidiary	7.2	8.3	7.8
Shareholders' equity	44.8	44.0	35.1
Total capitalization	100.0%	100.0%	100.0%

The overall improvement in the percentage of long-term debt to total capitalization since December 31, 1982, reflects the Company's successful reduction of long-term debt from internally generated cash flow and the proceeds of its equity offering in December 1983. The reduction in long-term debt is discussed more fully in the Liquidity Financial Review on page 28. A discussion of changes in shareholders' equity is included in a separate Financial Review section on page 30.

The decrease in preference shares of subsidiary during 1984 reflects the redemption of CCL's First Preference Shares in August 1984. The Company's minority interest was eliminated in December 1983 with the acquisition of the remaining outstanding shares of Standard Industries Ltd.

The following table summarizes, by currency denomination, the fixed and floating rate total debt of the Company at December 31, 1984 (in millions of U.S. dollars) and the 1984 weighted average prime bank lending rates in Canada and the U.S.

	Cdn. Dollar Denominated Debt	U.S. Dollar Denominated Debt
Fixed rate debt	\$ 66.1	\$100.8
Floating rate debt covered by interest rate guarantee contracts	50.0	50.0
Floating rate debt	54.3	11.4
Total debt	\$170.4	\$162.2
1984 weighted average prime lending rate	12.09%	12.05%

During 1984, the Company entered into interest rate guarantee contracts covering \$100 million for up to three years. These contracts have protected the Company's exposure to potential interest rate increases, without the additional expense of fixed rate debt. As a result of these contracts, only 20 percent of the Company's long-term debt at December 31, 1984, is vulnerable to higher interest rates. This compares with 52 percent at December 31, 1983.

CONSOLIDATED BALANCE SHEETS

(In thousands)

December 31	1984	1983
ASSETS		
Cash and short-term investments	\$ 4,010	\$ 9,170
Receivables, net	133,020	121,810
Inventories	131,776	141,267
Other current assets	3,627	7,800
Total current assets	272,433	280,047
Property, plant and equipment, net	631,934	679,065
Excess of cost over net assets of businesses acquired, net	34,124	37,569
Other assets	40,838	31,850
TOTAL ASSETS	\$979,329	\$1,028,531
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$105,282	\$ 91,869
Income taxes payable	18,398	9,106
Current portion of long-term debt	6,430	8,968
Total current liabilities	130,110	109,943
Long-term debt	326,163	348,214
Deferred credits	81,967	90,087
Total liabilities	538,240	548,244
Preference shares of subsidiary	60,877	76,113
Preferred stock	6,603	6,603
Common equity interests	84,922	84,875
Additional paid-in capital	199,373	196,140
Retained earnings	107,311	121,982
Foreign currency translation adjustments	(17,997)	(5,426)
Total shareholders' equity	380,212	404,174
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$979,329	\$1,028,531

See Notes to Consolidated Financial Statements.

Liquidity

Cash and short-term investments was \$4.0 million at December 31, 1984, which was \$5.2 million less than the balance at the end of 1983. The 1983 year-end balance was \$29.4 million less than the figure at December 31, 1982. The decline in cash and short-term investments in each year primarily reflects the application of these amounts to the repayment of long-term debt.

In 1981, the Company raised significant financing to acquire GPI. Because the majority of this acquisition price was funded by bank borrowings, the Company's debt leverage increased significantly. Since 1981, a substantial amount of debt has been repaid with cash generated from operations and the Company's equity financing.

Working Capital Provided by Operations

Working capital provided by operations in 1984 was \$54.8 million, or \$4.0 million greater than the amount generated in 1983. The 1983 amount of \$50.8 million was \$22.6 million higher than the working capital provided by operations in 1982. The improvement in both 1984 and 1983 was primarily due to higher operating results.

The 1984 increase in depreciation expense relates to the Company's change in the estimated useful lives of certain of its cement plant assets in order to more closely approximate remaining useful lives. The increase in depreciation during 1983 was primarily due to accelerated depreciation in Canada related to shortened lives on two cement plants.

The negative effect of the deferred income tax provision on working capital provided by operations in 1984 reflects the reversal of Canadian deferred tax liabilities established in prior years.

Capital Expenditures and Dispositions

Capital expenditures were \$39.8 million in 1984, compared with \$24.1 million and \$39.6 million for 1983 and 1982, respectively. These spending levels, which primarily reflect sustaining expenditures, have been maintained at historically low levels since 1981 in order to reduce long-term debt.

Fixed asset divestments were substantially lower in 1984 than the amounts recorded in 1983 and 1982, due to the absence of significant divestments that were realized in the previous years. The major divestment in 1983 was the sale of the Company's North Texas ready-mix operation.

Changes in Working Capital Items

Working capital has decreased \$49.4 million since December 31, 1982. This decline reflects the Company's efforts to control inventory levels, an increase in current liabilities and the decline in value of Canadian currency.

Financing Cash Flow

The net reduction of debt in 1984, 1983 and 1982 was \$13.9 million, \$144.8 million and \$13.9 million, respectively, due to internal cash generation and the Company's equity financing in 1983. In addition to this debt reduction, CCL's First Preference Shares were redeemed in August 1984 for approximately \$11.4 million in cash.

The issuance of equity securities in 1984 relates to dividend reinvestments under the Company's optional stock dividend plan. In 1983, the issuance of equity securities included dividend reinvestments, the Company's U.S. equity offering and the issuance of exchangeable preference shares of CCL (the "CCL Exchangeable Shares") for the acquisition of the outstanding minority interest shares of Standard Industries Ltd. ("Standard"). The caption "Funds used for acquisitions" on the Company's Consolidated Statements of Changes in Financial Position for 1983 reflects the application of the CCL Exchangeable Shares issued to acquire the Standard minority interest.

The increase in dividends is discussed in the Shareholders' Equity Financial Review on page 30. In general, the increase in 1984 dividends reflects the greater number of common equity shares and the payment of dividends on the Company's \$2.44 Convertible Preferred Shares, which were issued in December 1983.

Capital Resources and Commitments

With the exception of the Company's acquisition of GPI in 1981 and the Standard minority interest acquisition in 1983, capital resources have generally been provided by operating cash flows. At December 31, 1984, there were no material capital commitments.

Impact of Inflation

The Company's costs and expenses have increased as a result of inflation, as have those of the cement industry in general. The Company continually attempts to offset the effect of inflation by improving operating efficiencies, especially in the areas of labor and energy costs. In addition, the Company attempts to recover increasing costs by obtaining higher prices for its products. The ability to do so varies with the level of activity in the construction industry and the availability of products to supply the resulting demand. For further information on the impact of inflation, refer to Accounting for Inflation (Unaudited) on pages 40 and 41.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

(In thousands)

Years Ended December 31	1984	1983	1982
FUNDS GENERATED FROM OPERATIONS			
Net loss	\$ (4,586)	\$(13,080)	\$(24,902)
Items not affecting working capital			
Depreciation and depletion	63,860	58,151	52,604
Deferred income taxes	(5,833)	969	(2,582)
Other	1,311	4,769	3,094
Working capital provided by operations	54,752	50,809	28,214
Capital expenditures	(39,771)	(24,095)	(39,583)
Property, plant and equipment dispositions, net	3,162	17,488	22,386
Changes in working capital items (see below)	25,159	28,750	(1,317)
Effect of exchange rate changes on working capital	(6,135)	(2,038)	(5,927)
Other	(10,115)	(806)	(4,666)
Funds generated (consumed) before financing transactions	27,052	70,108	(893)
FUNDS USED FOR FINANCING			
Additional long-term borrowing	55,144	30,240	27,690
Reduction of long-term debt (includes current portion)	(69,070)	(139,465)	(31,362)
Decrease in short-term borrowings	—	(35,623)	(10,252)
Redemption of preferred shares of subsidiary	(11,422)	—	—
Issuance of equity securities	3,221	76,401	4,988
Net funds used to reduce financing	(22,127)	(68,447)	(8,936)
FUNDS USED FOR ACQUISITIONS	—	(25,259)	(5,570)
FUNDS USED FOR DIVIDENDS	(10,085)	(5,837)	(7,666)
DECREASE IN CASH AND SHORT-TERM INVESTMENTS	\$ (5,160)	\$(29,435)	\$(23,065)
ANALYSIS OF CHANGES IN WORKING CAPITAL ITEMS			
Receivables, net	\$(11,210)	\$ 13,337	\$ 46,037
Inventories	9,491	10,891	11,412
Other current assets	4,173	(3,013)	(537)
Accounts payable and accrued liabilities	13,413	2,438	(45,434)
Income taxes payable	9,292	5,097	(12,795)
CHANGES IN WORKING CAPITAL ITEMS	\$ 25,159	\$ 28,750	\$ (1,317)

See Notes to Consolidated Financial Statements.

Shareholders' Equity

Shareholders' Equity was \$380.2 million at December 31, 1984. This was \$24.0 million less than the balance at the end of 1983, due to the Company's net loss, dividend payments and the effect of the significant Canadian currency decline on the Company's Canadian net assets. Shareholders' equity increased \$56.9 million in 1983 due to the proceeds from the Company's equity offering exceeding the 1983 net loss and dividend requirements.

Common Equity Interests

The caption "Common equity interests" on the Consolidated Balance Sheets includes the Company's Common Shares and the CCL Exchangeable Shares. These shares are more fully described in Common Equity Interests in the Notes to Consolidated Financial Statements on page 36.

During 1984, the only changes in common equity interests involved the reinvestment of cash dividends under the Company's optional stock dividend plan and the conversion of Series A \$1.17 Convertible Redeemable Second Preference Shares of CCL (the "CCL Series A Shares"), which are convertible into CCL Exchangeable Shares at a rate of 1.01 CCL Exchangeable Shares for each CCL Series A Share. In 1983, the significant increase in outstanding shares resulted from the Company's December 1, 1983, equity offering and the December 30, 1983, issuance of CCL Exchangeable Shares for the remaining minority interest of Standard.

The Company's equity offering involved the sale of 2,035,000 Common Shares and 1,100,000 \$2.44 Convertible Preferred Shares through an underwritten public offering. This equity financing generated net proceeds of \$44.2 million, which were used to repay long-term debt.

The Company's Common Shares are traded on the New York Stock Exchange, under the ticker symbol "LAF", and also on The Toronto Stock Exchange and the Montreal Exchange. The CCL Exchangeable Shares are traded on the Montreal Exchange and The Toronto Stock Exchange.

The following table reflects the range of high and low stock prices of the Company's Common Shares by quarter for 1984 and 1983. The market price per Common Share prior to June 1983 is based on the price of CCL common shares, as quoted on The Toronto Stock Exchange and the Montreal Exchange, translated into U.S. dollars.

	Quarter			
	First	Second	Third	Fourth
1984 STOCK PRICES				
High	\$12.88	\$12.25	\$10.63	\$10.25
Low	10.25	9.75	8.38	8.13
1983 STOCK PRICES				
High	\$13.65	\$14.88	\$12.00	\$11.50
Low	9.96	10.11	10.00	8.94

Dividends

The following table summarizes the Company's common equity and \$2.44 Convertible Preferred Share dividend payments and the related dividend reinvestments through the Company's various dividend reinvestment plans during 1984, 1983 and 1982 (in thousands, except per share amounts).

	1984	1983	1982
Common equity dividends	\$7,395	\$5,837	\$7,666
Preferred dividends	2,690	—	—
Less dividend reinvestments	(3,221)	(3,650)	(2,836)
Net cash dividend payments	\$6,864	\$2,187	\$4,830
Dividends per share	\$.20	\$.18	\$.24

The increase in cash dividend payments in 1984, compared with 1983, reflects the significant increase in common equity shares outstanding, the absence of CCL stock dividend reinvestments and the initial dividend payments on the Company's \$2.44 Convertible Preferred Shares that were issued in December 1983. The issuance of shares under the CCL stock dividend and dividend reinvestment plan was suspended in February 1984. The decrease in total cash dividend payments in 1983, compared with 1982, was primarily due to a lower dividend rate.

Foreign Currency Translation Adjustments

The Company's Canadian assets and liabilities are translated into U.S. dollars at the exchange rate prevailing at the balance sheet date. Foreign currency translation adjustments are disclosed as a separate item in shareholders' equity. The significant increase in these adjustments during 1984 related to the six percent change in the year-end exchange rate of U.S. and Canadian currencies at December 31, 1984, compared with the end of 1983.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)

Years Ended December 31	1984	1983	1982
PREFERRED STOCK			
Balance at January 1	\$ 6,603	\$ —	\$ —
Issuance of \$2.44 Convertible Preferred Shares	—	1,100	—
Issuance of Third Preferred Stock	—	5,503	—
Balance at December 31	\$ 6,603	\$ 6,603	\$ —
COMMON EQUITY INTERESTS			
Balance at January 1	\$ 84,875	\$ 73,856	\$ 72,909
Issuance of shares in public offering	—	2,035	—
Issuance of shares for acquisition	—	6,140	—
Issuance of shares pursuant to dividend reinvestment plans	361	1,997	873
Exchange of CCL Exchangeable Shares	(373)	(269)	—
Conversion of CCL Series A Shares	59	1,116	74
Balance at December 31	\$ 84,922	\$ 84,875	\$ 73,856
ADDITIONAL PAID-IN CAPITAL			
Balance at January 1	\$196,140	\$136,245	\$132,204
Issuance of shares in public offering	—	40,291	—
Issuance of shares for acquisition	—	19,119	—
Issuance of shares pursuant to dividend reinvestment plans	2,860	3,267	3,101
Exchange of CCL Exchangeable Shares	373	269	—
Conversion of CCL Series A Shares	—	—	940
Reorganization costs	—	(3,051)	—
Balance at December 31	\$199,373	\$196,140	\$136,245
RETAINED EARNINGS			
Balance at January 1	\$121,982	\$140,899	\$173,467
Net loss	(4,586)	(13,080)	(24,902)
Dividends — common equity interests	(7,395)	(5,837)	(7,666)
— preferred stock	(2,690)	—	—
Balance at December 31	\$107,311	\$121,982	\$140,899
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS			
Balance at January 1	\$ (5,426)	\$ (3,688)	\$ 2,708
Translation adjustments	(12,571)	(1,738)	(6,396)
Balance at December 31	\$ (17,997)	\$ (5,426)	\$ (3,688)
TOTAL SHAREHOLDERS' EQUITY	\$380,212	\$404,174	\$347,312

See Notes to Consolidated Financial Statements.

Formation of Lafarge Corporation

Lafarge Corporation (the "Company"), a Maryland corporation, is the parent company of Canada Cement Lafarge Ltd. ("CCL") in Canada and General Portland Inc. ("GPI"), a Delaware corporation, in the United States. Lafarge Coppée, a French corporation, and certain of its affiliates (the "Lafarge Coppée Group") own a majority of the outstanding voting securities of the Company.

On March 8, 1983, the shareholders of CCL approved an overall reorganization (the "Reorganization") of the corporate and financial structure of CCL and its subsidiaries, whereby the Company, previously a wholly owned subsidiary of CCL, became the parent company of CCL and GPI effective April 28, 1983. The Reorganization was completed on July 1, 1983, and was accomplished through modifications to the capital structure of both the Company and CCL. Immediately following the Reorganization, the balance sheet of the consolidated group (the Company, CCL and GPI) remained virtually unchanged except for changes in the components of the Company's capitalization.

Accounting and Financial Reporting Policies

Basis of Presentation

All of the accompanying consolidated financial statements give effect to the Reorganization and are stated in U.S. dollars. The Company's accounting and reporting policies conform to generally accepted accounting principles and industry practices in the U.S. and are applied on a consistent basis between periods.

The Company has reclassified certain items in its previously reported Consolidated Statements of Income (Loss) for 1983 and 1982 in order to conform to the presentation used in 1984. These changes primarily involved reclassifying non-operating income and expense from "Cost of goods sold", and also disclosing "Dividends on preference shares of subsidiary" apart from the caption "Minority interest", where it was previously reported.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in affiliated companies of 20 percent to 50 percent are accounted for by the equity method. All material intercompany accounts and transactions have been eliminated.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated at the exchange rate prevailing at the balance sheet date. Revenue and expense accounts are translated using the weighted average exchange rate during the period. Foreign currency translation adjustments, net of related taxes of \$2.2 million in 1984, are disclosed as a separate item in shareholders' equity.

Revenue Recognition

Revenue from sales of cement, concrete and related products is recorded at the time the products are shipped. Revenue from highway and street construction contracts is recognized on the basis of units of work completed, while revenue from indivisible lump sum contracts is recognized using the percentage of completion method.

Income Taxes

Deferred income taxes are provided for timing differences between revenues and expenses reported for financial accounting and income tax purposes. Deferred taxes are not provided on undistributed earnings of subsidiaries outside the U.S. because the Company plans to reinvest such earnings permanently. At December 31, 1984, cumulative undistributed earnings of foreign subsidiaries were \$201.6 million. Investment tax credits are accounted for using the flow-through method.

Pension Plans

The Company's subsidiaries have several pension plans covering substantially all employees. The Company amortizes unfunded past service costs over periods ranging from 15 to 30 years. Other than deferred pension costs relating to closed facilities, the Company's policy is to generally fund accrued pension costs.

Short-term Investments

Short-term investments consist of certificates of deposit and other marketable securities, which are stated at the lower of cost or market value. The carrying value of short-term investments is substantially the same as market value.

Inventories

Inventories are valued at the lower of cost or market. Substantially all of the Company's U.S. inventories, other than maintenance and operating supplies, are stated at last-in, first-out ("LIFO") cost and all other inventories are valued at average cost.

Property, Plant and Equipment

Depreciation of property, plant and equipment is computed for financial reporting purposes using the straight-line method, over the estimated useful lives of the assets. These lives range from three years on light mobile equipment to 40 years on certain buildings. Management periodically reviews the remaining useful lives of the Company's assets and adjusts them as necessary. Land includes depletable raw material reserves on which depletion is recorded using a units-of-production method.

Effective January 1, 1984, the Company changed the estimated useful lives of certain of its cement plant assets in order to more closely approximate the expiration of these assets and to be consistent with the lives used by its majority shareholder, Lafarge Coppée. The effect of this change in estimate was to increase the Company's net loss for 1984 by \$5.8 million, or \$.16 per share.

Excess of Cost over Net Assets of Businesses Acquired

The excess of the cost over the fair value of net assets of businesses acquired is amortized on a straight-line basis over periods not exceeding 40 years. The amortization recorded for 1984, 1983 and 1982 was \$1.0 million, \$1.7 million and \$1.1 million, respectively. Accumulated amortization at December 31, 1984, 1983 and 1982 was \$4.7 million, \$3.7 million and \$2.0 million, respectively. In August 1984, \$2.3 million was credited against the Company's excess of book value over cost as a result of the redemption of CCL's First Preference Shares. This transaction is more fully described under the separate note, Preference Shares of Subsidiary.

Net Income (Loss) Per Share

The calculation of net income (loss) per share is based on the weighted average number of the Company's Common Shares and the Exchangeable Preference Shares of CCL (the "CCL Exchangeable Shares") outstanding in each period and the net income (loss) applicable to these shareholders after deducting preferred stock dividends. The effect of including other potentially dilutive securities is antidilutive, so these items have been excluded.

Receivables

Receivables consist of the following (in thousands):

December 31	1984	1983
Trade receivables	\$138,212	\$124,103
Retainage on long-term contracts	4,626	5,764
Allowances	(9,818)	(8,057)
Total receivables, net	\$133,020	\$121,810

Inventories

Inventories consist of the following (in thousands):

December 31	1984	1983
Finished products	\$ 51,765	\$ 53,148
Work in process	24,261	24,412
Raw materials and fuel	21,310	24,573
Maintenance and operating supplies	34,440	39,134
Total inventories	\$131,776	\$141,267

Included in the finished products, work in process and raw materials and fuel categories are inventories valued on the LIFO method of \$37.6 million and \$36.6 million at December 31, 1984 and 1983, respectively. On an average cost basis, such inventories would have been higher by \$4.2 million and \$3.5 million. Due to the application of purchase accounting for the GPI acquisition in 1981, LIFO inventories for financial reporting purposes exceed the tax basis by approximately \$4.6 million at the end of both 1984 and 1983.

Property, Plant and Equipment

Property, plant and equipment consist of the following (in thousands):

December 31	1984	1983
Land and mineral deposits	\$ 107,366	\$ 106,831
Buildings, machinery and equipment	908,584	909,333
Construction in progress	11,307	8,069
Property, plant and equipment, at cost	1,027,257	1,024,233
Less accumulated depreciation and depletion	(395,323)	(345,168)
Property, plant and equipment, net	\$ 631,934	\$ 679,065

Other Assets

Other assets consist of the following (in thousands):

December 31	1984	1983
Long-term receivables	\$11,507	\$15,023
Investments in unconsolidated affiliated companies	8,322	6,500
Deferred charges	3,750	1,482
Restricted funds from industrial revenue bond financing	8,007	—
Other	9,252	8,845
Total other assets	\$40,838	\$31,850

Deferred charges represent costs related to long-term debt and are being amortized over the term of the debt to which they relate.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following (in thousands):

December 31	1984	1983
Trade accounts payable	\$ 55,902	\$41,314
Accrued payroll expense	17,451	16,041
Accrued interest expense	4,074	6,594
Other accrued expenses	27,855	27,920
Total accounts payable and accrued liabilities	\$105,282	\$91,869

Long-term Debt

Long-term debt consists of the following (in thousands):

December 31	1984	1983
LAFARGE CORPORATION		
Commercial paper and term bank loans repayable between 1985 and 1993 bearing interest at rates from 8.8 percent to 16.5 percent	\$162,585	\$153,993
CANADA CEMENT LAFARGE LTD.		
Sinking fund debentures maturing in various amounts between 1986 and 1997, bearing interest at varying rates from 6.25 percent to 11.25 percent	64,535	71,504
Term bank loans repayable between 1985 and 1993 bearing interest at rates approximating Canadian prime	21,002	45,784
Other debt (substantially all of which is secured by assets)	5,985	8,048
GENERAL PORTLAND INC.		
Notes maturing in annual installments of approximately \$3.9 million through 1995, bearing interest at varying rates up to a maximum of 9.375 percent	42,625	46,500
Secured industrial revenue bonds maturing in various amounts between 1998 and 2010, bearing interest at varying rates up to a maximum of 66 percent of prime, with annual sinking fund requirements beginning in 1989	25,725	17,725
7.8 percent sinking fund debentures maturing in 1996	9,855	13,200
Other debt	281	428
Subtotal	332,593	357,182
Less current portion	(6,430)	(8,968)
Total long-term debt	\$326,163	\$348,214

On June 26, 1984, the Company entered into a letter of credit and revolving credit facility supporting the issuance of \$70 million of commercial paper.

At December 31, 1984, the Company and its subsidiaries had \$106 million of unused long-term revolving credit available under various credit facilities. The Company and its subsidiaries are required to pay annual commitment fees of up to .125 percent of the unused portion of the funds available for borrowing under these credit agreements.

Annual principal payment requirements on long-term debt for each of the five years in the period ending December 31, 1989, after the exclusion of bank loans for which anticipated refinancing is available, are as follows (in thousands):

	1985	1986	1987	1988	1989
Repayments	\$6,430	\$10,328	\$31,210	\$32,671	\$30,369

Under the terms of various long-term debt agreements, GPI must maintain a certain level of working capital and is also restricted, among other things, as to payment of cash dividends. At December 31, 1984, under the most restrictive of the loan agreements, GPI working capital was approximately \$22 million in excess of the level required. However, no restricted payments including dividends were allowable. The parent company and CCL have no such restrictions.

Deferred Credits

Deferred credits consist of the following (in thousands):

December 31	1984	1983
Income taxes	\$77,587	\$85,345
Other, primarily pension costs	4,380	4,742
Total deferred credits	\$81,967	\$90,087

Minority Interest

Minority interest charges on the Company's Consolidated Statements of Income (Loss) for 1983 and 1982 relate to the minority interest portion of earnings from Standard Industries Ltd. ("Standard"). On December 30, 1983, Standard became a wholly owned subsidiary of the Company, through a share exchange whereby the minority interest common shareholders of Standard received 1.45 CCL Exchangeable Shares for each Standard common share held. This transaction, which was accounted for as a purchase, resulted in the issuance of 2.4 million CCL Exchangeable Shares with a total value of \$25.3 million. The excess of the consideration given over the book value of the minority interest was allocated primarily to property, plant and equipment. Pro forma information has not been included for this acquisition since the outstanding minority interest was not material to the Company.

Preference Shares of Subsidiary

The Company's Consolidated Statements of Income (Loss) reflect the dividends paid on the preference shares issued by CCL. These securities are the First Preference Shares and the Series A \$1.17 Convertible Redeemable Second Preference Shares (the "CCL Series A Shares").

All of the outstanding First Preference Shares were redeemed by CCL on August 13, 1984, at a redemption price of Cdn. \$16.50 per share plus accrued dividends. This redemption required approximately \$11.4 million of cash, and resulted in an excess of recorded book value over cost of \$2.3 million, which is reflected on the Company's Consolidated Balance Sheets as a credit to the caption "Excess of cost over net assets of businesses acquired, net", and is being amortized over 20 years. There were 900,000 First Preference Shares authorized and outstanding at the end of 1983 and 1982, and the holders of these shares were entitled to an annual cumulative dividend of Cdn. \$1.30 per share.

There were 5,064,675, 5,069,635 and 5,162,486 CCL Series A Shares, authorized and outstanding at the end of 1984, 1983 and 1982, respectively. The CCL Series A Shares are entitled to a cumulative dividend of Cdn. \$1.17 per year and are convertible at the option of the holder into CCL Exchangeable Shares any time prior to August 31, 1990, at a rate of 1.01 CCL Exchangeable Shares for each CCL Series A Share, and thereafter at a rate of .91 of a CCL Exchangeable Share for each CCL Series A Share. The CCL Series A Shares are redeemable at the option of CCL at Cdn. \$15.75 per share after August 31, 1985, and thereafter at reducing amounts to Cdn. \$15.00 per share after August 31, 1990.

Preferred Stock

During each of the three years in the period ended December 31, 1984, there were 2,000 shares of the Company's \$1.00 par value per share First Preferred Stock authorized and outstanding. A subsidiary holds 1,900 of these shares. The holders of the First Preferred Stock are entitled to one vote per share and to fixed cumulative annual dividends of \$60.00 per share. The First Preferred Stock ranks senior to all other classes of the Company's capital with respect to dividends and distributions in the event of liquidation, which distribution would equal \$1,000 per share plus any accrued and unpaid dividends. Such shares are not redeemable at the option of the Company, but subject to certain limitations, any holder of First Preferred Stock may require the Company to redeem such shares for \$1,000 per share plus any accrued and unpaid dividends.

At December 31, 1984 and 1983, there were 6,875 authorized and outstanding shares of the Company's Second Preferred Stock. All of these shares are held by a subsidiary.

At December 31, 1984 and 1983, there were 9,000,000 shares of the Company's Third Preferred Stock authorized, of which 5,502,565 were outstanding. These shares are entitled to one vote per share and are held by and may be transferred only among members of the Lafarge Coppée Group. The shares have a par value of \$1.00 per share, are not entitled to any equity participation or dividends and have a redemption and liquidation value of \$.25 per share. The Third Preferred Stock may be redeemed, at the Company's option, 10 years after the date of original issue or at the holder's option at any time. On December 1, 1983, 3,209,265 of these shares were issued at par value, and 2,293,300 shares were issued at par value on December 29, 1983.

At December 31, 1984 and 1983, there were 1,100,000 of the Company's \$2.44 Convertible Preferred Shares authorized and outstanding. These shares, which were issued on December 1, 1983, have a par value of \$1.00 per share and are entitled to fixed cumulative annual dividends of \$2.44 per share. Each \$2.44 Convertible Preferred Share is convertible, subject to adjustment in certain events, into 2.35 Common Shares. These shares are redeemable at the option of the Company commencing November 30, 1985, or earlier if the closing price of the Common Shares exceeds 150 percent of the then effective conversion price for at least 20 consecutive trading days. The redemption price will initially be \$27.44 per share and thereafter decline to \$25 per share on and after November 30, 1993, plus in each case any accrued and unpaid dividends.

Optional Stock Dividend Plan

The Company has an optional stock dividend plan which permits holders of record of both Common Shares and the \$2.44 Convertible Preferred Shares to elect to receive payment of cash dividends on such shares in the form of new Common Shares issued as stock dividends. The Common Shares issued under the plan are valued at 95 percent of the average market price. Prior to February 3, 1984, the holders of CCL Exchangeable Shares and the CCL Series A Shares could participate in a similar arrangement involving the issuance of CCL Exchangeable Shares through the CCL stock dividend and dividend reinvestment plan. The issuance of shares under this CCL plan has been suspended.

Common Equity Interests

Common equity interests consist of the following (in thousands):

December 31	1984		1983	
	Amount	Shares	Amount	Shares
CCL Exchangeable Shares	\$58,271	10,575	\$58,668	10,653
Common Shares	26,651	26,651	26,207	26,207
Total common equity interests	\$84,922	37,226	\$84,875	36,860

At December 31, 1984 and 1983, there were 50 million CCL Exchangeable Shares authorized with no par or stated value. These shares were created in connection with the Reorganization, when each common share of CCL was changed into 1.05 CCL Exchangeable Shares. Holders of CCL Exchangeable Shares have voting, dividend and liquidation rights which parallel those of holders of the Company's Common Shares. The CCL Exchangeable Shares are exchangeable into the Company's Common Shares on a one-for-one basis. Dividends on the CCL Exchangeable Shares are cumulative and payable at the same time as, and in an amount equal to the Canadian dollar equivalent of, any dividends declared on the Company's Common Shares. Prior to paying dividends on the CCL Exchangeable Shares, any dividends in arrears on the CCL Series A Shares must be satisfied. The Company has agreed not to pay dividends on its Common Shares without causing CCL to declare an equivalent dividend in Canadian dollars on the CCL Exchangeable Shares. Dividend payments and the exchange rate on the CCL Exchangeable Shares are subject to adjustment from time to time to take into account certain dilutive events.

The Company has agreed, for the benefit of the holders of CCL Exchangeable Shares, to provide CCL such funds as may be necessary to enable it to pay any dividends payable on the CCL Exchangeable Shares, and in the event of liquidation of CCL, to pay or otherwise satisfy the liquidation value to which the holders of such shares are entitled. At the option of the Company, and in lieu of providing funds to CCL, the Company may satisfy its obligation with respect to the payment of the liquidation value of the CCL Exchangeable Shares by issuing to each holder thereof the number of the Company's Common Shares for which such holder is then entitled upon exchange.

There were 100 million, 49.9 million and 60 million Common Shares authorized at December 31, 1984, 1983 and 1982, respectively. These shares have a par value of \$1.00 per share and the holders are entitled to one vote per share. The Company has reserved for issuance approximately 16.1 million Common Shares to allow for the exchange of CCL Exchangeable Shares outstanding or reserved for issuance upon conversion of outstanding CCL Series A Shares. Additional common equity shares have been reserved to cover grants under the Company's stock option program (1.2 million), conversion of the \$2.44 Convertible Preferred Shares (2.6 million) and issuances pursuant to the Company's dividend reinvestment plan (2.2 million).

A summary of the changes in the Company's Common Shares and the CCL Exchangeable Shares outstanding during 1984, 1983 and 1982 is included in the following table (in thousands of shares):

	Common Shares	CCL Exchangeable Shares	Total Common Equity Interests
Balance at January 1, 1982	23,230	7,981	31,211
Issuance of shares pursuant to dividend reinvestment plans	471	53	524
Conversion of CCL Series A Shares	74	—	74
Balance at December 31, 1982	23,775	8,034	31,809
Issuance of shares in public offering	2,035	—	2,035
Issuance of shares for acquisition	—	2,417	2,417
Issuance of shares pursuant to dividend reinvestment plans	346	159	505
Exchange of CCL Exchangeable Shares	51	(51)	—
Conversion of CCL Series A Shares	—	94	94
Balance at December 31, 1983	26,207	10,653	36,860
Issuance of shares pursuant to dividend reinvestment plan	361	—	361
Exchange of CCL Exchangeable Shares	83	(83)	—
Conversion of CCL Series A Shares	—	5	5
Balance at December 31, 1984	26,651	10,575	37,226

Stock Option Plan

Options to purchase the Company's Common Shares and CCL Exchangeable Shares were granted on August 5, 1983 and February 1, 1984, to key employees of the Company and its subsidiaries at option prices based on the market price of the securities at the date of grant. One-fourth of the options granted are exercisable at the end of each year following the date of grant, and all the options granted are exercisable in four years. The options expire 10 years from the date of grant. As of December 31, 1984, no options have been exercised.

The following table summarizes activity for options related to both the Company's Common Shares and the CCL Exchangeable Shares:

	Common Shares		CCL Exchangeable Shares	
	Shares	Price U.S. \$	Shares	Price Cdn. \$
Balance outstanding at December 31, 1982	—	—	—	—
Options granted	111,400	10.81	55,900	13.63
Balance outstanding at December 31, 1983	111,400	10.81	55,900	13.63
Options granted	125,200	11.25	60,500	15.88
Options cancelled	(4,500)	10.81	(2,000)	13.63
Balance outstanding at December 31, 1984	232,100	11.05*	114,400	14.82*
Options exercisable at December 31, 1984	26,725	10.81	13,475	13.63

*Weighted average price

Income Taxes

Pre-tax income (loss) is summarized by country in the following table (in thousands):

Years Ended December 31	1984	1983	1982
United States	\$(19,250)	\$(18,538)	\$(34,213)
Canada and other	33,785	22,014	7,822
Pre-tax income (loss)	\$ 14,535	\$ 3,476	\$(26,391)

The provision for income taxes (benefit) includes the following components (in thousands):

Years Ended December 31	1984	1983	1982
CURRENT			
United States	\$ 3,102	\$ (117)	\$ (5,964)
Canada and other	16,681	7,448	816
Total current	19,783	7,331	(5,148)

(continued)

Years Ended December 31	1984	1983	1982
DEFERRED			
United States	(750)	(1,070)	(571)
Canada and other	(5,083)	2,039	(2,011)
Total deferred	(5,833)	969	(2,582)
Total income taxes (benefit)	\$ 13,950	\$ 8,300	\$ (7,730)

Deferred income taxes result from timing differences in the recognition of revenues and expenses for tax and financial reporting purposes. The sources of these differences and the tax effect of each are as follows (in thousands):

Years Ended December 31	1984	1983	1982
Tax depreciation greater (less) than book depreciation	\$ (8,964)	\$ 32	\$(1,704)
Effect of tax benefit recognition	(379)	522	341
Canadian investment tax credits	5,771	—	(2,262)
Other	(2,261)	415	1,043
Total deferred provision	\$(5,833)	\$ 969	\$(2,582)

A reconciliation of taxes at the statutory income tax rate to the Company's actual income taxes (benefit) is as follows (in millions):

Years Ended December 31	1984	1983	1982
Taxes at the statutory income tax rate	\$ 6.7	\$ 1.6	\$(12.1)
Canadian tax incentives	(2.4)	(2.1)	.1
State and Canadian provincial income taxes, net of federal benefit	1.7	.9	(.1)
Foreign subsidiary income taxed at reduced rates	—	—	(7.5)
U.S. and Canadian investment tax credits	(.3)	—	(.9)
Tax effect of nondeductible items, primarily related to GPI acquisition adjustments	3.2	2.2	2.9
Non-recognition of tax benefits on certain U.S. operating losses	7.2	5.4	9.0
Other items	(2.2)	.3	.9
Actual income taxes (benefit)	\$13.9	\$ 8.3	\$ (7.7)

At December 31, 1984, the Company had U.S. tax net operating loss and investment tax credit carryforwards of \$103.9 million and \$11.9 million, respectively, substantially all of which expire between 1992 and 1999. For financial statement purposes, the Company had approximately \$78.6 million in U.S. net operating loss carryforwards and \$10.7 million in U.S. investment tax credit carryforwards for which the related tax benefits have not been recorded.

Interest

No interest was capitalized during 1984, 1983 or 1982. Interest income from short-term investments of \$1.2 million, \$2.0 million and \$3.0 million, has been offset against interest expense for 1984, 1983 and 1982, respectively.

Pension Plans

Total pension expense for 1984, 1983 and 1982 was \$8.5 million, \$9.0 million and \$13.7 million, respectively. Accumulated plan benefits, as estimated by consulting actuaries at the beginning of each year, and plan assets are as follows (in thousands):

	1984	1983
Actuarial present value of accumulated benefits		
Vested	\$131,526	\$129,865
Non-vested	11,324	11,257
Total	\$142,850	\$141,122
Net assets available for benefits (at market value)	\$196,785	\$164,259

The weighted average assumed rate of return used in determining the actuarial present value of accumulated benefits was approximately nine percent for both 1984 and 1983.

Postretirement Benefits

In addition to providing pension benefits, the Company and its subsidiaries provide certain health care and life insurance benefits for retired employees. Substantially all of the Company's employees may become eligible for these benefits if they reach normal retirement age while working for the Company. The cost of retiree health care and life insurance benefits is generally recognized as expense as claims are paid. These costs totaled \$1.3 million during 1984.

Segment Information

The Company's single business segment includes the manufacture and sale of cement, ready-mix concrete, precast and prestressed concrete components, concrete blocks and pipes, aggregates, asphalt and reinforcing steel. In addition, the Company is engaged in road building and other construction utilizing many of its own products.

Sales between the United States and Canada are accounted for at fair market value. Income from operations equals net sales less operating costs and expenses. Interest expense is excluded in computing income from operations. Financial information by country is included on page 4 of this Annual Report.

Commitments and Contingencies

The Company leases office space and certain equipment. Total rental expense for 1984, 1983 and 1982 was \$6.0 million, \$4.5 million and \$5.8 million, respectively. There were no material noncapitalized financing leases.

Future minimum annual rental commitments for all noncancelable leases are as follows for each of the five years in the period ended December 31, 1989 (in thousands):

	1985	1986	1987	1988	1989
Commitments	\$7,299	\$6,140	\$4,517	\$3,375	\$2,013

On January 14, 1985, the Company and GPI received final approval by the Federal District Court in Phoenix, Arizona, of agreements to settle the last of the group of cement industry antitrust cases initiated in 1976 and 1977. The settlement provided terms that are favorable to the Company and GPI and should end the significant costs and administrative burdens imposed by this litigation.

On April 27, 1983, Canadian National Railways filed suit in the Quebec Superior Court, Montreal District, against a CCL subsidiary for damages arising out of alleged defects in railroad ties manufactured and sold by the subsidiary between 1974 and 1980. The damages claimed total approximately Cdn. \$34.4 million plus accrued interest. The Company has denied the allegations and its insurance carriers have assumed the defense of the lawsuit.

The Company is involved in certain other legal actions and claims. It is the opinion of management that all such matters will be resolved without material effect on the Company's consolidated financial statements.

Related Party Transactions

The Company's operating subsidiaries sell and purchase various products from each other. These inter-company sales and purchases have been eliminated in consolidation. In addition, the Company's major shareholder, Lafarge Coppée, provides certain technical and research assistance to CCL and GPI. The expenses accrued for these services were \$3.0 million, \$3.4 million and \$2.1 million during 1984, 1983 and 1982, respectively.

To the Shareholders and Directors of Lafarge Corporation:

We have examined the Consolidated Balance Sheets of Lafarge Corporation (a Maryland corporation) and subsidiaries as of December 31, 1984 and 1983, and the related Consolidated Statements of Income (Loss), Changes in Financial Position and Shareholders' Equity for each of the three years in the period ended December 31, 1984. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Lafarge Corporation and subsidiaries as of December 31, 1984 and 1983, and the results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1984, in conformity with generally accepted accounting principles applied on a consistent basis.



Arthur Andersen & Co.
Dallas, Texas,
January 29, 1985.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation, integrity and objectivity of the consolidated financial statements of Lafarge Corporation and subsidiaries and all other information contained in this Annual Report. This responsibility includes the selection of accounting procedures and practices which are in accordance with generally accepted accounting principles. The consolidated financial statements have been prepared in conformity with these procedures and practices applied on a consistent basis and reflect informed judgments and estimates which management believes to be reasonable in the determination of certain data used in the accounting and reporting process.

The Company maintains an effective system of internal accounting controls, which is continually modified and improved to correspond with changes in the Company's operations. We believe this system provides reasonable assurance that transactions are executed in accordance with defined authorization, and that they are appropriately recorded, in order to permit preparation of consolidated financial statements in conformity with generally accepted accounting principles and to adequately safeguard, verify and maintain accountability of assets. An important element of the system is an ongoing internal audit function. The internal audit staff coordinates its audit activities with the Company's independent public accountants, Arthur Andersen & Co., to maximize audit effectiveness.

Arthur Andersen & Co. is retained to examine the consolidated financial statements of Lafarge Corporation and subsidiaries. Their accompanying report is based on examinations, conducted in accordance with generally accepted auditing standards, believed to be sufficient to provide reasonable assurance that the con-

solidated financial statements present fairly the financial position of the Company and its subsidiaries as of December 31, 1984 and 1983, and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1984.

The Board of Directors, acting through its Audit Committee, monitors the accounting affairs of the Company and has approved the information contained in this Annual Report, including the consolidated financial statements. The Audit Committee, consisting primarily of outside directors, reviews audit plans and results as well as the actions taken by management in discharging its responsibilities for accounting, financial reporting and internal control systems and recommends to the Board of Directors the appointment of the independent public accountants. The Audit Committee meets periodically and privately with both management and the independent public accountants to assure that each is carrying out its responsibilities.



John D. Redfern
Chairman of the Board



Louis G. Munin
Senior Vice President and
Chief Financial Officer



Jean François
President



Philip A. Millington
Controller

The Financial Accounting Standards Board ("FASB") requires that historical cost financial statements be supplemented by certain information in an attempt to reflect the impact of inflation. Selected historical cost accounting information adjusted for changes in specific prices (current cost accounting) is presented below.

Current cost accounting attempts to measure the impact of inflation by estimating the change in prices for the specific goods and services used by the Company. The current cost of property, plant and equipment utilizes extensive engineering reviews and specific price indexes. Current cost depreciation is based on the current cost of property, plant and equipment using the same methods and lives used for historical depreciation. The current cost of inventories and cost of goods sold is based on current production costs adjusted for the current cost of depreciation.

The Company measures a significant part of its operations in Canadian currency. For those operations, current cost amounts are measured in Canadian dollars and then translated into U.S. dollars. The effect of general inflation on these current cost amounts was measured before translation and was based on a Canadian general price level index.

The FASB rules governing the presentation of inflation accounting prohibit adjusting income tax expense for the increase in costs reflected by the current cost computations.

The current cost method of accounting for inflation does not reflect the advantages of modern technology in the cement industry. Cement plants constructed today provide increased productivity with significantly less fuel and labor usage than older plants. The current cost method of accounting for inflation only attempts to determine today's cost of rebuilding existing facilities without reflecting the corresponding operational benefits from such reconstruction.

The supplemental accounting data for inflation, which has been compiled to comply with the disclosure requirements of the FASB, should be viewed with cau-

tion, as must any other analytical data. The current cost method of accounting for inflation has inherent limitations because of the use of various subjective judgments necessary to compute the data; thus, the resulting measurements should not be considered as precise indicators or as being fully comparable to similar data for other companies.

The following is a consolidated statement of income (loss) adjusted for changes in specific prices for the year ended December 31, 1984 (in thousands):

	Historical Cost	Current Cost
Net sales	\$927,396	\$927,396
Cost of goods sold, excluding depreciation and depletion	733,885	739,181
Depreciation and depletion	63,860	91,830
Selling, administrative and other	75,841	75,841
Interest expense, net	39,275	39,275
Dividends on preference shares of subsidiary	5,171	5,171
Income taxes	13,950	13,950
Total costs and expenses	931,982	965,248
Net loss	\$ (4,586)	\$ (37,852)

At December 31, 1984, the current cost of inventories is \$140.3 million, and the current cost of net property, plant and equipment is \$928.0 million.

Following is a comparison of selected supplementary financial data (in thousands, except index and per share amounts). The historical cost amounts reported in the primary financial statements have been adjusted to current cost. The current cost amounts for prior years have been adjusted by the average increase in the U.S. consumer price index to the general price level existing in 1984. The historical market price per common share prior to 1983 is based on the price of CCL common shares, as quoted on The Toronto Stock Exchange and the Montreal Exchange, converted to U.S. dollars at the year-end exchange rates.

ACCOUNTING FOR INFLATION (UNAUDITED)

Years Ended December 31	1984	1983	1982	1981	1980
Net sales					
Historical cost (as reported)	\$ 927,396	\$ 867,874	\$ 900,186	\$ 764,230	\$ 608,328
Income (loss) from continuing operations					
Historical cost (as reported)	(4,586)	(13,080)	(24,902)	20,458	10,290
Current cost	(37,852)	(45,013)	(63,177)	(16,742)	(27,469)
Income (loss) per share from continuing operations					
Historical cost (as reported)	(.20)	(.41)	(.79)	.92	.55
Current cost	(1.10)	(1.40)	(2.01)	(.76)	(1.46)
Net assets at year end					
Historical cost (as reported)	380,212	404,174	347,312	381,288	245,040
Current cost	681,463	769,048	722,461	792,433	664,992
Gain from decline in purchasing power of net amounts owed	15,096	21,258	46,101	41,040	30,490
Increase in current cost of inventories and net property, plant and equipment	35,095	43,461	79,372	111,124	106,939
Excess of increase in the general price level over increase in specific prices of inventories and net property, plant and equipment	8,682	11,424	16,767	2,749	(2,913)
Foreign currency translation adjustments	(32,651)	(1,605)	12,735	22,261	(12,817)
Market price per common share at year end					
Historical	8.38	11.50	10.13	9.88	12.13
Constant 1984 U.S. dollars	8.38	11.99	10.89	11.29	15.32
Dividends per share					
Historical	.20	.18	.24	.67	.68
Constant 1984 U.S. dollars	.20	.19	.26	.76	.87
Limestone mineral reserve information					
Tons of proven and probable reserves at year end	2,964,807	2,976,343	2,963,258	3,147,289	2,335,067
Tons mined	8,329	9,000	8,996	7,706	7,084
Tons acquired (sold)	(3,207)	22,085	(175,035)	819,928	—
Tons of cement produced	8,140	7,997	7,998	5,611	4,681
Average consumer price index					
United States	311.1	298.4	289.1	272.4	247.0
Canada	290.0	277.7	262.5	236.9	210.6

SELECTED FINANCIAL DATA

(In millions, except as indicated by an *)

Years Ended December 31	1984	1983	1982	1981	1980	1979
OPERATING RESULTS						
Net sales	\$927.4	\$867.9	\$900.2	\$ 764.2	\$608.3	\$527.6
Income from operations	53.8	50.5	40.3	80.0	50.2	68.5
Interest expense, net	39.3	47.0	66.7	28.0	14.6	15.6
Income taxes (benefit)	13.9	8.3	(7.7)	23.3	19.0	21.0
Dividends on preference shares of subsidiary	5.2	5.8	5.7	5.9	4.4	1.0
Minority interest	—	2.5	.5	2.3	1.9	.7
Net income (loss)	(4.6)	(13.1)	(24.9)	20.5	10.3	30.2
Depreciation and depletion	63.9	58.2	52.6	38.5	29.0	25.1
Other items not affecting working capital	(4.5)	5.7	.5	15.5	8.6	9.1
Working capital provided by operations	\$ 54.8	\$ 50.8	\$ 28.2	\$ 74.5	\$ 47.9	\$ 64.4
FINANCIAL CONDITION AT YEAR END						
Working capital	\$142.3	\$170.1	\$191.7	\$ 203.7	\$ 85.5	\$ 77.4
Property, plant and equipment, net	631.9	679.1	726.4	777.7	464.8	371.0
Other assets	75.0	69.4	70.1	66.6	24.6	44.5
Total net assets	\$849.2	\$918.6	\$988.2	\$1,048.0	\$574.9	\$492.9
Long-term debt	\$326.2	\$348.2	\$459.4	\$ 473.1	\$156.3	\$145.0
Deferred credits	81.9	90.1	91.8	97.5	79.2	74.9
Minority interest	—	—	12.5	17.8	16.1	4.9
Preference shares of subsidiary	60.9	76.1	77.2	78.3	78.3	15.2
Shareholders' equity	380.2	404.2	347.3	381.3	245.0	252.9
Total capitalization	\$849.2	\$918.6	\$988.2	\$1,048.0	\$574.9	\$492.9
PER SHARE INFORMATION*						
Net income (loss)	\$ (.20)	\$ (.41)	\$ (.79)	\$.92	\$.55	\$ 1.60
Dividends	.20	.18	.24	.67	.68	.60
Book value at year end	9.26	9.99	10.92	12.22	13.03	13.45
STATISTICAL DATA						
Capital expenditures	\$ 39.8	\$ 24.1	\$ 39.6	\$ 43.5	\$ 88.4	\$ 63.8
Net income (loss) as a percentage of net sales*	(.5)%	(1.5)%	(2.8)%	2.7%	1.7%	5.7%
Return on average shareholders' equity*	(1.2)%	(3.5)%	(6.8)%	6.5%	4.1%	12.6%
Long-term debt as a percentage of total capitalization*	38.4 %	37.9 %	46.5 %	45.1%	27.2%	29.4%
Average shares outstanding	37.0	32.2	31.5	22.1	18.8	18.8
Shares outstanding at year end	37.2	36.9	31.8	31.2	18.8	18.8
Number of shareholders at year end*	6,900	7,600	5,900	6,100	6,300	6,500
Number of employees at year end*	6,000	6,100	6,200	7,800	3,300	4,200
Exchange rate at year end (U.S. to Cdn.)*	1.321	1.244	1.229	1.186	1.195	1.168
Average exchange rate for year (U.S. to Cdn.)*	1.295	1.232	1.234	1.199	1.169	1.172

This financial data includes General Portland's balances and results subsequent to November 1981, when it was acquired.

Board of Directors

JAMES G. AFFLECK
*Retired Chairman of
the Board of American
Cyanamid Company
Saddle River, New Jersey*

JEAN FRANÇOIS
*President of the Company
and Vice-Chairman and
Chief Operating Officer
of Lafarge Coppée
Paris, France*

SAMUEL M. KINNEY, JR.
*Counsel to Hannoch,
Weisman, Stern, Besser,
Berkowitz & Kinney
Newark, New Jersey*

OLIVIER LECERF
*Chairman and
Chief Executive Officer
of Lafarge Coppée
Paris, France*

JACQUES LEFÈVRE
*Executive Vice President and
Chief Financial Officer of
Lafarge Coppée
Paris, France*

JAMES B. LENDRUM
*Vice-Chairman of the
Company and Chairman
of the Board of General
Portland Inc.
Downingtoun,
Pennsylvania*

ALONZO L. McDONALD
*Chairman and
Chief Executive Officer of
Avenir Group, Inc.
Bloomfield Hills,
Michigan*

PETER M. MCENTYRE
*President of Ashburton
Investments (1984)
Limited
Montreal, Quebec*

JOHN D. REDFERN
*Chairman of the Company
and Chairman of the
Board of Canada Cement
Lafarge Ltd.
Dallas, Texas*

H. RICHARD WHITTALL
*Vice-Chairman and Director
of Richardson
Greenshields of Canada
Limited
Vancouver, British
Columbia*

Committees of the Board

Audit Committee
JAMES G. AFFLECK
SAMUEL M. KINNEY, JR.*
JACQUES LEFÈVRE
PETER M. MCENTYRE
H. RICHARD WHITTALL

*Management
Development
and Compensation
Committee*
JEAN FRANÇOIS
SAMUEL M. KINNEY, JR.
JAMES B. LENDRUM
ALONZO L. McDONALD
H. RICHARD WHITTALL*

Executive Committee
JEAN FRANÇOIS
OLIVIER LECERF*
JAMES B. LENDRUM
PETER M. MCENTYRE
JOHN D. REDFERN

Finance Committee
JACQUES LEFÈVRE*
LOUIS G. MUNIN
JOHN D. REDFERN
FRÉDÉRIC G. WEBEL

Nominating Committee
JAMES G. AFFLECK
OLIVIER LECERF*
JAMES B. LENDRUM
JOHN D. REDFERN

Stock Option Committee
SAMUEL M. KINNEY, JR.
ALONZO L. McDONALD
PETER M. MCENTYRE*
**Committee Chairman*

Corporate Officers

JOHN D. REDFERN
Chairman of the Board

JEAN FRANÇOIS
President

WILLIAM D. JONES
Executive Vice President

ROBERT W. MURDOCH
Executive Vice President

LOUIS G. MUNIN
*Senior Vice President and
Chief Financial Officer*

FRÉDÉRIC G. WEBEL
Senior Vice President

BRUCE S. DRYBURGH
*Vice President, Secretary
and Treasurer*

JEAN-PIERRE CLOISEAU
Vice President

PHILIP A. MILLINGTON
Controller

Corporate Headquarters

Lafarge Corporation
12700 Park Central Place
Suite 1900
Dallas, Texas 75251
214-991-6800

*Registrar and
Transfer Agents*

RepublicBank Dallas, N.A.
Montreal Trust Company

Legal Counsel

Thompson & Knight
Dallas, Texas

Mailing Address

P.O. Box 361
Dallas, Texas 75221

Auditors

Arthur Andersen & Co.
Dallas, Texas

*Stock Trading
Information*

LAFARGE CORPORATION
COMMON SHARES:
*New York Stock Exchange
The Toronto Stock Exchange
Montreal Exchange*

CCL EXCHANGEABLE
SHARES:
*The Toronto Stock Exchange
Montreal Exchange*

LAFARGE CORPORATION
\$2.44 CONVERTIBLE
PREFERRED SHARES:
New York Stock Exchange

Investor Relations

Inquiries may be directed
to Louis G. Munin, Senior
Vice President, at
Corporate Headquarters.

Form 10-K

The Company's Annual
Report on Form 10-K, as
filed with the Securities
and Exchange Commis-
sion, is available without
charge, upon written
request.

*Optional Stock
Dividend Plan*

Holder's of the Company's
Common and Convertible
Preferred Shares have a
convenient opportunity
for automatic reinvest-
ment of cash dividends at
a five percent discount
from the market price
through enrollment in the
Lafarge Corporation
Optional Stock Dividend
Plan. For information
write to the Company's
mailing address.

*Annual Shareholders'
Meeting*

The annual meeting of
shareholders for Lafarge
Corporation will be held
in the Salon A of the
Sheraton Park Central
Hotel in Dallas at 9:00 a.m.
on May 1, 1985.



LAFARGE CORPORATION
12700 Park Central Place
Suite 1900
Dallas, Texas 75251
214-991-6800