

Congressional Briefing on Allocation

Washington, DC

September 7, 2007



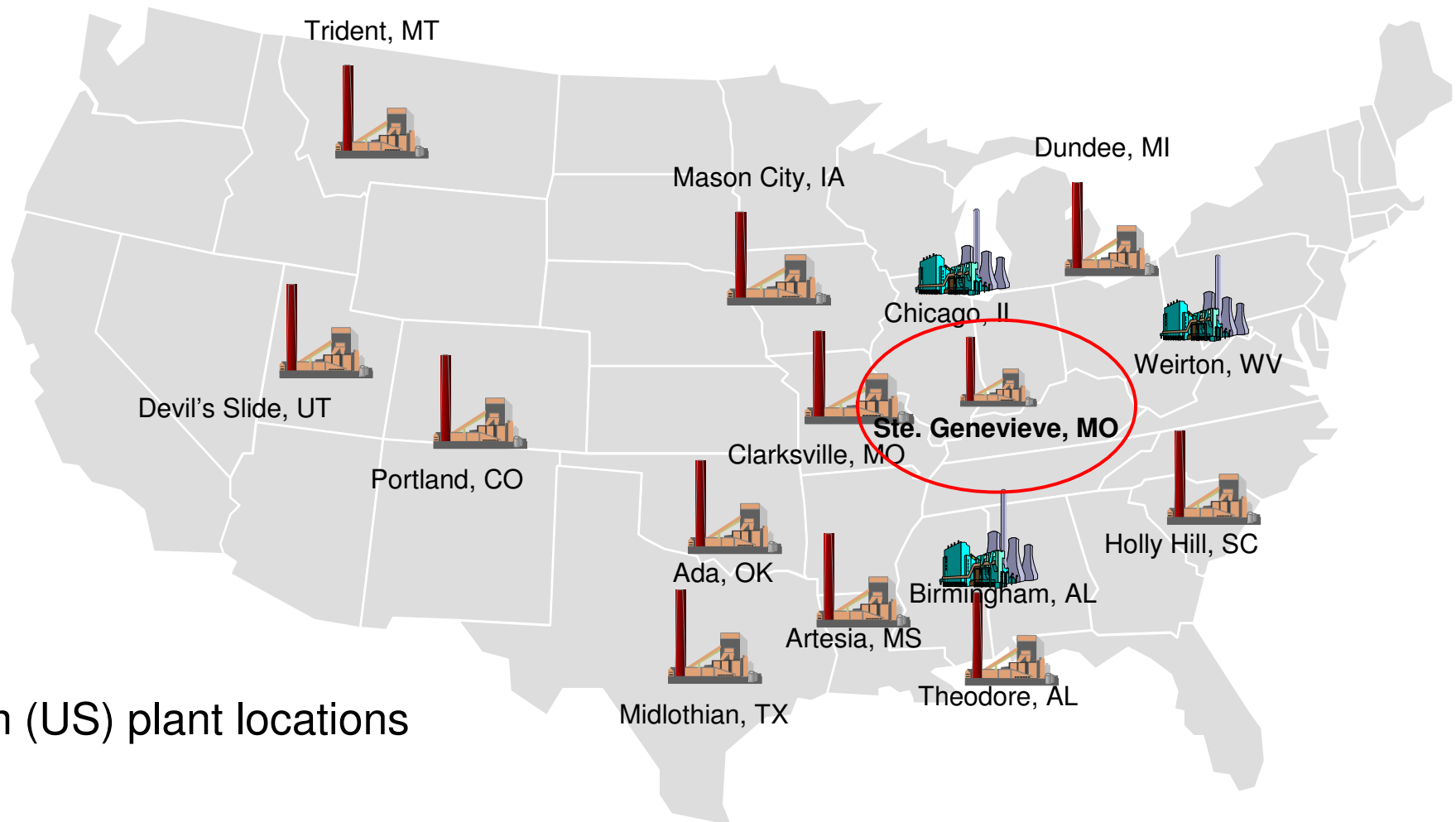
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Holcim (US) Inc.

Holcim

About Holcim (US)



Holcim (US) plant locations

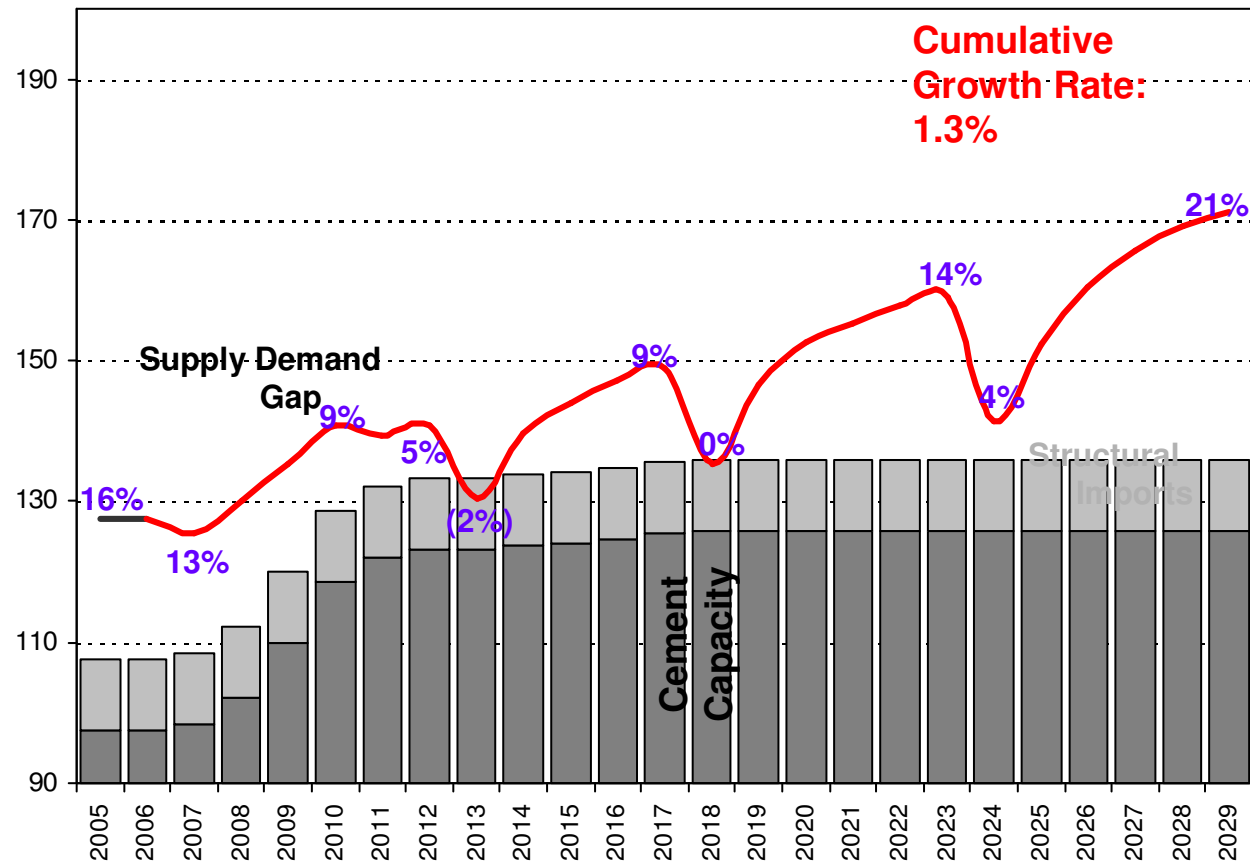


Cement and Concrete

- Concrete is the building block of the nation's infrastructure
- Cement is the powder which acts as the glue that, when mixed with water, sand, gravel, and other materials, forms concrete
- Cement is an essential construction material and strategic commodity that is vital to the infrastructure development and economic growth



US Cement Industry: Demand exceeds Capacity



For the foreseeable future, despite planned capacity increases, a sizeable supply gap is expected to exist



Holcim (US) Perspectives on Climate Policy Development

- Supports Universal Efficiency Standards to Achieve Reductions in Greenhouse Gas Emissions
 - ▶ With economy-wide participation, we can achieve the absolute GHG reductions needed to respond to climate change.
 - ▶ Universal efficiency standards
 - are simple, can be applied across all sectors
 - provide incentives for the right behavior by rewarding early actors
 - provide a framework for engaging emerging economies and developing nations
 - accommodate new entrants
 - ▶ Regulatory challenges can delay important equipment upgrades and stifle product innovation. In order to encourage adoption of energy and CO₂ efficient technologies, these challenges must be addressed.

Holcim (US) Perspectives on Climate Policy (cont'd)

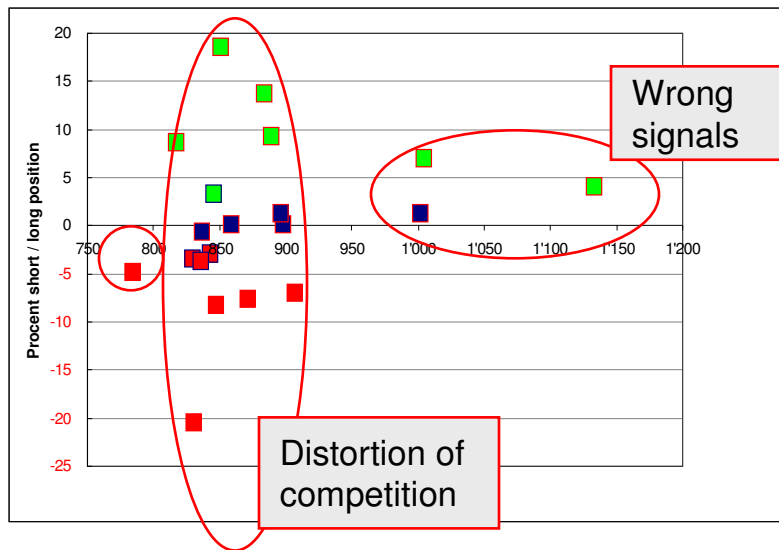
- Supports Performance Based Allocation of Emission Permits, Not Historical Emissions
 - ▶ Holcim (US) supports the use of market mechanisms similar to the EU ETS program
 - ▶ Emission permits **must** be allocated based on an efficiency standard (performance based allocation) and not on historical emissions
- Opposes the Auctioning of Allowances for Energy Intensive Industries
 - ▶ For energy intensive industries such as cement production, this will merely serve to extract capital from the sector, which will then have to be recycled back to avoid crippling industry

Holcim's Experience in the European Union

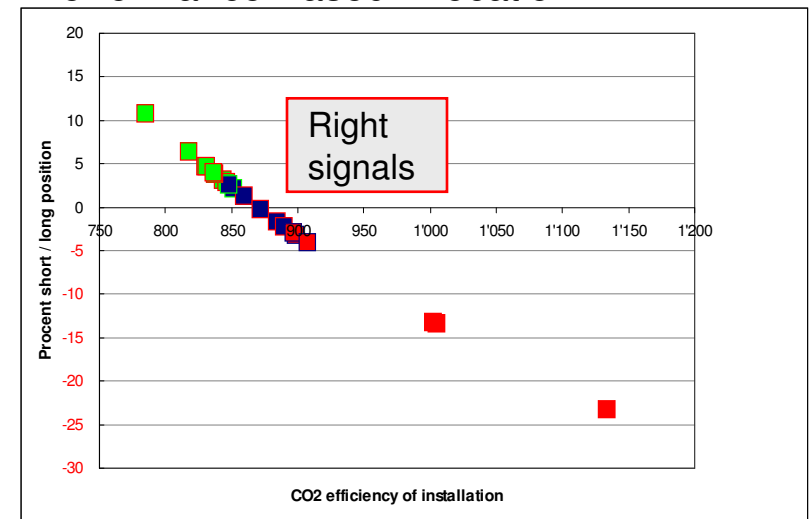
Holcim ETS positive/negative CO₂ balance versus CO₂ intensity of installations

Percent short / long of installations
as a function of CO₂ efficiency

Emission Based Allocation



Benchmarking
Performance Based Allocation



- European program gives the wrong signals and cause undue distortion of competition
- “Masked” by “sufficient” volume of total allowances
- Not sustainable for medium to long-term