


2013
REGISTRATION DOCUMENT

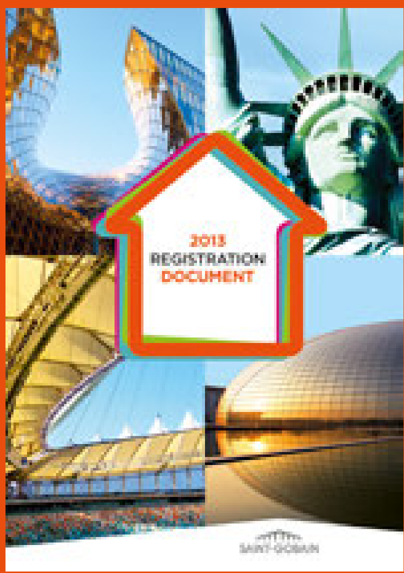

SAINT-GOBAIN

SWEDEN
2012

Emporia shopping center
Saint-Gobain Glassolutions, Vetrotech Saint-Gobain, Saint-Gobain Abrasives, Weber, Isover and Gyproc supplied materials for the construction of Emporia in Malmö, Sweden, one of the largest shopping centers in northern Europe.

SOUTH AFRICA
2009

Moses Mabhida Stadium
Saint-Gobain delivered over 45,000 square meters of SHEERFILL® II architectural membrane to cover the Moses Mabhida Stadium in Durban (2009).



UNITED STATES
2013

Statue of Liberty
Vetrotech Saint-Gobain, the worldwide leader in fire-rated glass, provided glass for the oculus, doors, floors and stairs of the Statue of Liberty in New York.

CHINA
2006

National Center for the Performing Arts in Beijing
Saint-Gobain Isover China provided the floor and dome insulation for the National Center for the Performing Arts in Beijing. The center's 600 square-meter steel shell is covered with sheets of glass from Saint-Gobain Glass.

This registration document, incorporating the annual financial report, was filed with the *Autorité des Marchés Financiers* on March 27, 2014, in accordance with Article 212-13 of the AMF's General Regulation. It may be used as a supporting document for a financial operation, but only alongside an information memorandum approved by the *Autorité des Marchés Financiers*. This registration document was prepared by Saint-Gobain and is the responsibility of the persons whose signatures appear herein.

SAINT-GOBAIN, THE WORLD LEADER IN SUSTAINABLE HABITAT AND CONSTRUCTION MARKETS, DESIGNS, MANUFACTURES AND DISTRIBUTES **BUILDING AND HIGH-PERFORMANCE MATERIALS**, PROVIDING INNOVATIVE SOLUTIONS TO THE CHALLENGES OF GROWTH, ENERGY EFFICIENCY AND ENVIRONMENTAL PROTECTION.

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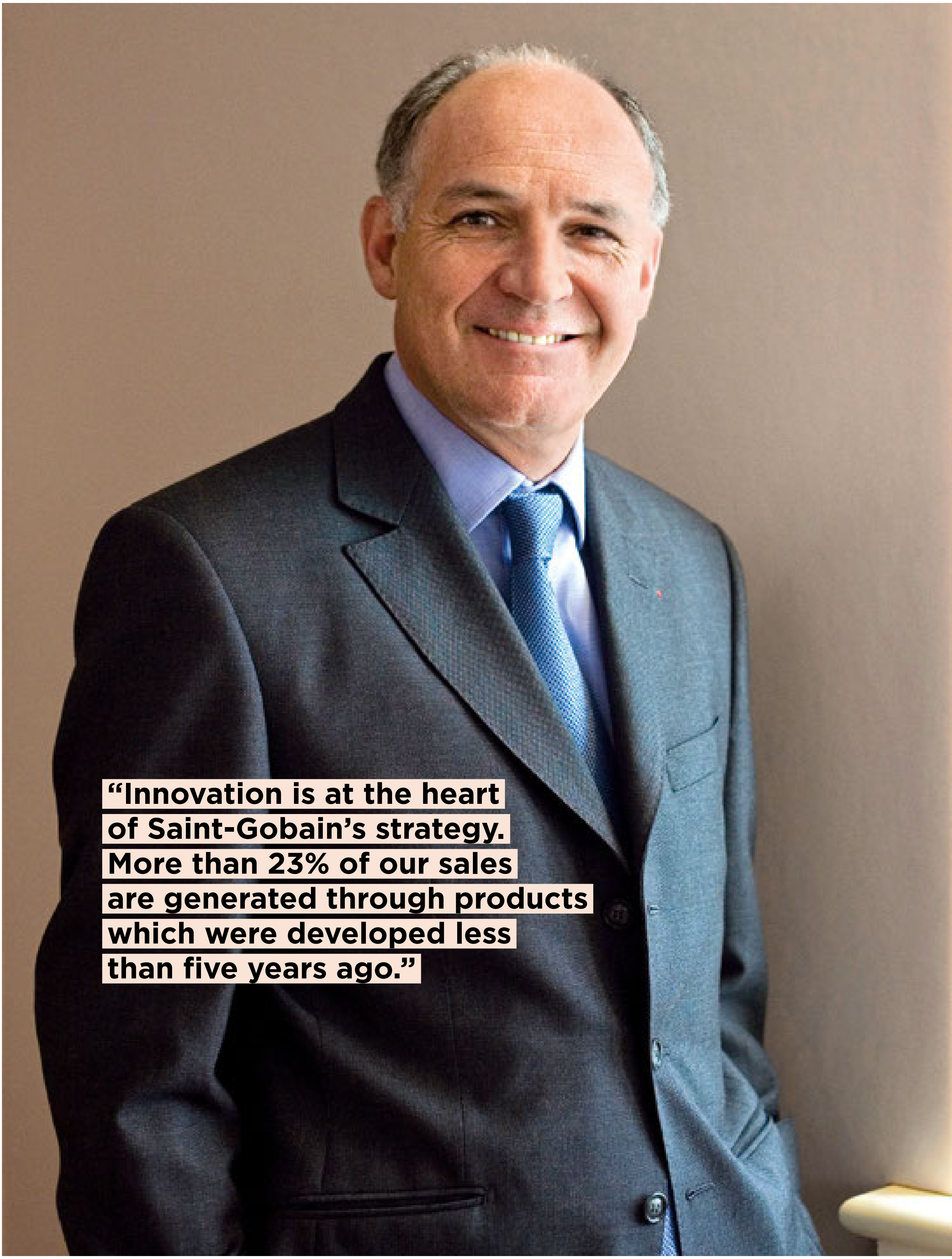

"Innovation is at the heart
of Saint-Gobain's strategy.
More than 23% of our sales
are generated through products
which were developed less
than five years ago."

MESSAGE FROM THE **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

After the slowdown in 2012, the second half of 2013 provided confirmation that the world economy was gradually recovering. Countries in the heart of Europe, where the Group has an extensive presence, held out reasonably well against the downturn and the continent came out of recession in the middle of the year. However, tensions continue to loom over peripheral European countries, in particular the risk of deflation. The United States economy withstood accelerated fiscal tightening, a two-week government shutdown and the first steps towards normalizing monetary policy. In contrast, 2013 was less favourable than expected for fast-growing economies, several of which have fragile balance of payments situations that continue to worry investors.

In this persistently unstable and constrasting environment, we deployed our strategy at a faster pace. Thanks to the unwavering commitment of our teams, to whom I would like to express my deepest appreciation, we further cut our costs by €600 million last year, after a €520 million cost reduction in 2012. This led to an earnings rebound in the second half. We strengthened our R&D efforts as part of the constant drive to closely align our products with customer needs in both mature and fast-growing countries.

Almost one in four products sold in 2013 did not exist five years ago, which clearly positions us as one of the most innovative companies in the world. Furthermore, we have expanded our presence in fast-growing markets and in the United States, through €700 million in capital expenditure and acquisitions in these regions.

Being the reference in our business sectors is a responsibility imposing a certain number of duties on us. We are committed to responsibly developing our businesses, with a constant concern for protecting the environment and personal health and safety, and supporting local communities. We work hard to maintain this balance every day.

We will resolutely pursue this course in 2014, to make Saint-Gobain even stronger, take full advantage of the acceleration in worldwide growth and improve our operating income. Across all our manufacturing and distribution activities, we will continue to increase the proportion of high value-added products and solutions and step up our co-development programs with customers. Our range of sustainable habitat solutions will be significantly expanded, leveraging the opportunities offered by the current digital revolution. And with an increased budget for acquisitions and capital expenditure projects in fast-growing countries and in high performance materials, we will further reinforce the strategic positions that are today the foundations of our solid leadership in materials and construction technology.

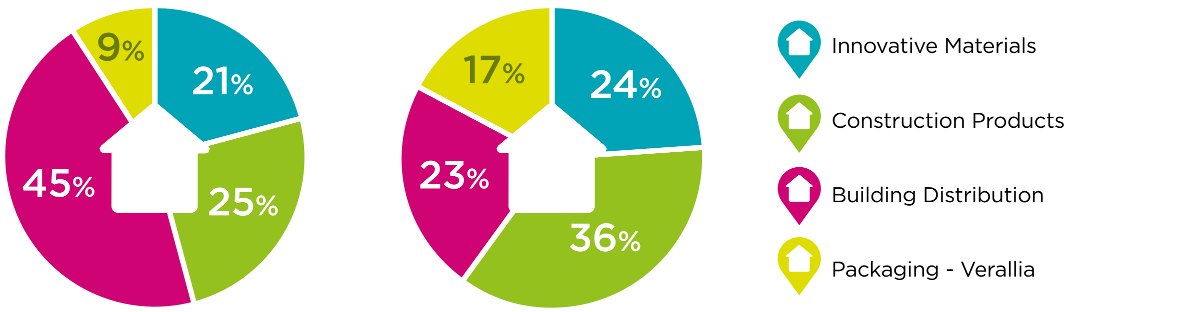
Pierre-André de Chalendar
Chairman and Chief Executive Officer

FINANCIAL HIGHLIGHTS

(million EUR)	**2013**
NET SALES	**42,025**
Operating income	**2,764**
Consolidated net income	**631**
Recurring net income[(1)]	**1,027**
Recurring earnings per share (in €)[(1)(2)]	**1.85**
Net income attributable to equity holders of the parent	**595**
Earnings per share (in €)[(2)]	**1.07**
Total investments[(3)]	**1,454**
Consolidated equity (including minority interests)	**17,870**
Net debt	**7,521**
Non-current assets	**27,927**
Working capital	**5,024**

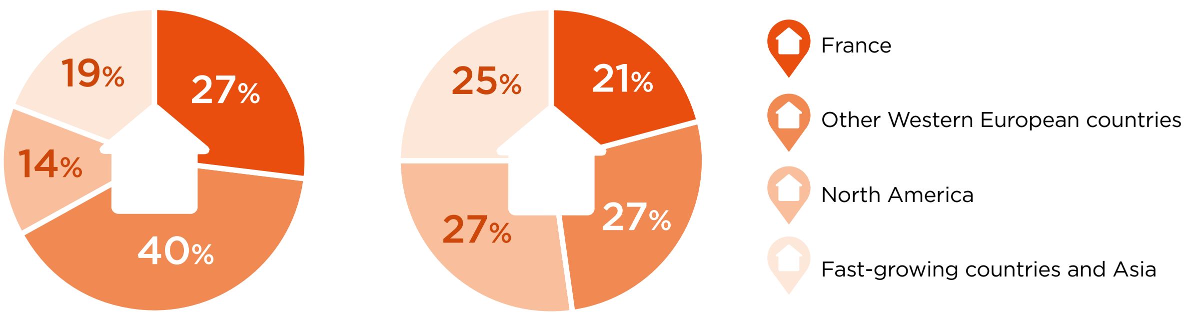
(1) Excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.
(2) Earnings per share are calculated based on the number of shares outstanding at December 31.
(3) Capital expenditure and financial investments, excluding share buybacks.

BY SECTOR



NET SALES **OPERATING INCOME**

BY GEOGRAPHIC AREA



NET SALES **OPERATING INCOME**

Ten-year consolidated financial highlights are presented on page 12.

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INVENTING **THE MATERIALS** OF THE **FUTURE**

** Thomson Reuters 2013 Top Global Innovators*

STRATEGY
THE REFERENCE IN SUSTAINABLE HABITAT AND CONSTRUCTION MARKETS

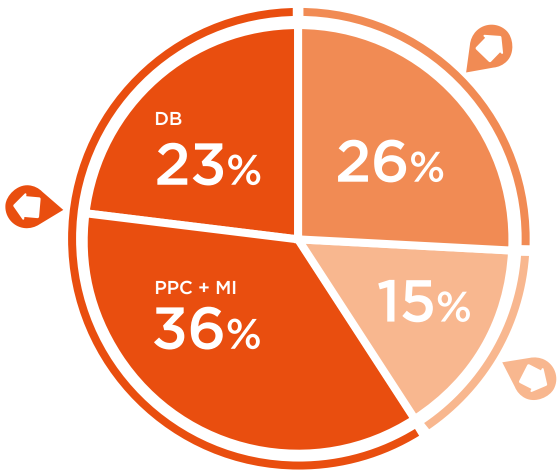
Saint-Gobain, the world leader in sustainable habitat and construction markets, designs, manufactures and distributes building and high-performance materials, providing innovative solutions to the challenges of growth, energy efficiency and environmental protection.

Priority given to the habitat and construction markets offering the highest growth potential

Saint-Gobain's industrial assets, excluding Verallia, 2013

High-growth markets in established countries:

- Energy efficiency
- Stricter regulations for the new building and renovation markets
- Increasing expectations from customers
- Enhanced knowledge among building professionals thanks to new technology and enriched training



Construction markets in Asia and fast-growing countries:

- Urbanization
- Faster growth in wealth
- Emerging middle class
- Higher cost of labor

High-growth manufacturing markets (50% in Asia and fast-growing countries):

- Aeronautics
- Energy
- Automotive
- Biotechnology
- Niche manufacturing markets, mainly through co-development

DESIGNING PRODUCTS AND SERVICES THAT IMPROVE OUR HABITAT AND EVERYDAY LIFE

Investing in habitat solutions is one of the major challenges facing both the most mature economies and fast-growing economies. Governments around the world are adopting policies designed to improve housing and working conditions, and reduce energy consumption in the building sector, in the face of accelerating global warming and diminishing natural resources.

In industrialized nations, where the building sector alone accounts for 40% of energy consumption and 38% of greenhouse gas emissions, regulations are calling for greater energy efficiency driving up demand for high value-added construction solutions not only for new buildings but also for renovation projects. In fast-growing economies, these challenges are multiplied by rapidly accelerating urban development and massive needs for housing and offices.

Throughout the world, the accelerating pace of technological innovation in the construction industry is helping to drive significant progress in the architectural quality and performance of buildings. As technology transfers take place with growing frequency between the manufacturing and construction sectors, construction solutions are increasingly based on high-performance materials. The development of building techniques and the significant expansion of the internet have led to a growing demand among contractors for ever more efficient and innovative distribution solutions.

These underlying trends create substantial opportunities for Saint-Gobain. The Group develops high value-added construction and renovation solutions for professional customers to ensure that buildings are energy efficient, comfortable, healthy and esthetically superior, while at the same time protecting natural resources. Its easy-to-use solutions aligned with local needs and practices are being deployed in every segment of the construction market, from homes to offices, and from new building to renovation projects.

COMPLEMENTARY BUSINESSES

Saint-Gobain is organized around four Sectors – Innovative Materials, Construction Products, Building Distribution and Packaging (which is planned to be divested as it is not directly involved in Saint-Gobain's strategy).

To implement the Group strategy, Saint-Gobain is supported by three pillars, each having its own growth drivers contributing in a complementary manner to overall expansion.

The Innovative Materials Sector, comprising the Flat Glass and High-Performance Materials Activities, is Saint-Gobain's technological bridgehead. With its unique portfolio of materials and processes for the habitat and industrial markets, the Sector embodies the Group's innovation-oriented culture and accounts alone for almost two-thirds of the Group's total research and development commitment. The aim is to increase the Sector's focus on high value-added and co-developed solutions.

The Construction Products Sector offers interior and exterior products for the buildings of today and tomorrow, including plaster and plasterboard products, acoustic and thermal insulation products, wall facings, roofing products and pipe systems. Its diversified business base provides an unmatched referral network, a worldwide industrial presence and a portfolio of high-profile brands like Isover, PAM, Weber, Placo®, Gyproc and CertainTeed. It gives the Group a global footprint, with an extensive presence in fast-growing markets.

The Building Distribution Sector drives the sustainable habitat strategy by bringing to the Group a thorough understanding of the needs of building professionals, private project owners and large companies. Its strength lies in its detailed knowledge of the newbuilding, renovation and home improvement markets and how they are changing. The Sector plays a key role in helping craftsmen embrace and acquire new building renovation techniques. It is a low capital-intensive business with a strong cash position.

Verallia, Saint-Gobain's Packaging Sector and the world's number two manufacturer of glass containers, is a major supplier of bottles for wines and spirits and jars for food products. It also markets glass bottles for beer, fruit juices, soft drinks, mineral water and oil. As a Sector that is not directly involved in Saint-Gobain's sustainable habitat strategy, Verallia is being gradually divested. An initial step was taken in January 2013 when Saint-Gobain agreed to sell Verallia North America to Ardagh. The transaction is subject to authorization by the United States anti-trust authorities.

UNIQUE POSITIONING

Saint-Gobain is uniquely positioned, with complementary strategic positions in building materials and high-performance materials technologies:

- It is a **worldwide or European leader**[1] in all of its businesses, with local solutions tailored to the needs of each market.
- It has an **unrivalled portfolio** of energy efficiency products and solutions.
- With its **deep understanding of building professionals' needs**, acquired through daily contacts with customers, solutions can be adapted to highly specific customer requirements.
- It has an **outstanding potential for innovation**, supported by a unique industrial and distribution expertise and a commitment to materials research.
- Its **culture of operational excellence** gives the Group an underlying robustness and the ability to respond quickly to changes in the economic environment.
- Its **solid set of tested values** helps the Group to build lasting relations with all stakeholders, from customers and employees to suppliers, subcontractors, shareholders and the community.

As part of the Group's strategic refocusing on the most promising habitat and construction markets, Saint-Gobain signed an agreement with Ardagh in 2013 on the sale of Verallia North America for an enterprise value of $1,694 million. The transaction is subject to authorization by the US Federal Trade Commission (FTC) (see page 65). The Group also sold its PVC Pipe and Foundations business in the United States to North American Pipe Corporation, a subsidiary of Westlake Chemical Corporation (NYSE:WLK), based in Houston, Texas, and signed an agreement for the sale of its US-based Fiber Cement siding business to Plycem USA, a subsidiary of Mexican group Elementia.

(1) Source: Saint-Gobain

SAINT-GOBAIN RANKS AMONG THE TOP 100 INDUSTRIAL GROUPS IN THE WORLD[(1)]

OPERATIONS IN

64 COUNTRIES

Algeria	Indonesia	Saudi Arabia
Argentina	Italy	Serbia
Australia	Japan	Singapore
Austria	Jordan	Slovakia
Belgium	Kuwait	Slovenia
Bhutan	Latvia	South Africa
Brazil	Lebanon	South Korea
Bulgaria	Lithuania	Spain
Canada	Luxembourg	Sweden
Chile	Malaysia	Switzerland
China	Mexico	Syria
Colombia	Morocco	Thailand
Czech Republic	Netherlands	Turkey
Denmark	New Zealand	Ukraine
Egypt	Norway	United Arab Emirates
Estonia	Peru	United Kingdom
Finland	Poland	United States
France	Portugal	Venezuela
Germany	Qatar	Vietnam
Greece	Republic of Ireland	Zimbabwe
Hungary	Romania	
India	Russia	

ENERGY EFFICIENCY SOLUTIONS, DRIVING GROWTH IN MATURE MARKETS

Saint-Gobain's markets in mature countries are driven by energy performance requirements, growing demand for comfort in homes and buildings, and the development of high-tech industrial niches. These markets are expanding more rapidly than underlying construction and renovation volumes because of more stringent building energy performance standards which are supporting demand for sustainable, innovative construction solutions. The most recent regulations are leading to a significant increase in the use of large window surfaces in new buildings and encouraging the use of ever more efficient insulation solutions. In 2013, the Group's capital expenditure and acquisitions choices were focused on industrial niche markets, particularly in plastics and distribution.

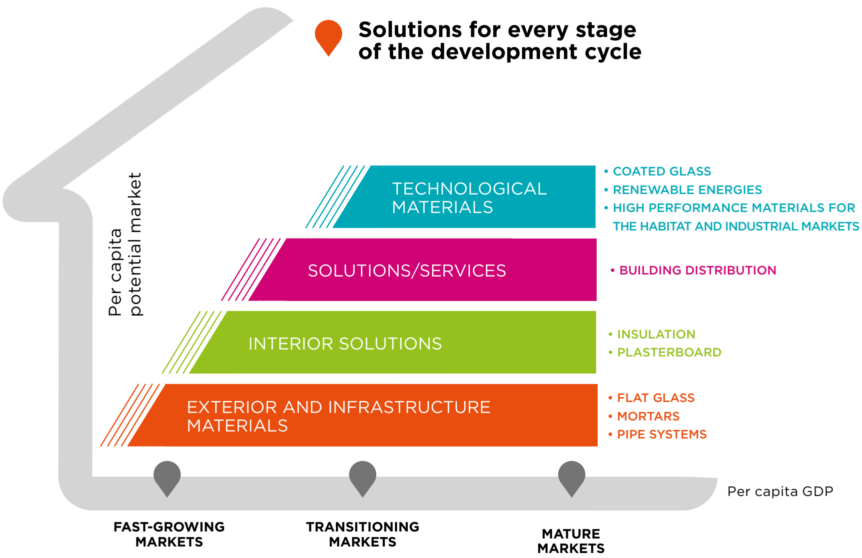
ACCELERATED EXPANSION IN ASIA AND FAST-GROWING MARKETS

In fast-growing markets, Saint-Gobain's products respond to the increasing demand for equipment and new residential buildings (housing, offices...). The habitat and construction markets in these countries offer substantial growth potential due to urban development and exponentially rising infrastructure needs. Like in mature markets, demand for high value-added construction solutions is tending to increase faster than per capita wealth or construction volumes.

Saint-Gobain is strengthening its presence in all fast-growing regions: in Brazil (new distribution centers and high performance materials operations), in Colombia (opening of the first float glass production line in the country), in India (Abrasives), in Poland (Sekurit) and in Russia (Gypsum and Flat Glass).

A WORLDWIDE PRESENCE, LOCAL RESPONSES

By proposing solutions for markets at all stages of development, Saint-Gobain captures opportunities in expanding markets in both mature and fast-growing economies.



A manufacturing presence in 64 countries, providing a solid base for Group development.

(1) Source: FT Global 500 2013

CREATING THE BUILDINGS OF THE FUTURE

The habitat and construction markets are undergoing a real transformation in which Saint-Gobain is a leading player. In line with its ambition to be the reference in the sustainable habitat and construction markets, the Group develops solutions that make buildings energy-efficient and help to protect the planet. It therefore continues to invest heavily in research and development. Most of its solutions, such as glass products, mineral wool insulation, plasterboard, exterior wall and floor coating mortars, already help to make buildings more energy-efficient and will contribute further to their performance in the future.

The buildings of the future will offer all types of comfort. People want to live in a safe, comfortable, healthy home that protects them from the aggressions of the outside world. The Group offers esthetic solutions (glazing, colored mortar, paintable wall coverings…) as well as solutions to improve air quality, lighting management and acoustic comfort (ceilings, plasterboard).

Lastly, the buildings of the future will be constructed in partnership with all construction industry players. A new generation of contractors capable of carrying out the overall construction work connected with energy efficiency will have to be trained. Saint-Gobain helps customers and partners embrace these green principles by leveraging the power of its distribution networks. In line with this commitment, in 2013 the Group pursued its broad-based program to train builders in emerging energy-saving techniques and solutions.

MULTI-COMFORT: A DEMONSTRATION OF SAINT-GOBAIN'S KNOW-HOW

Saint-Gobain does not construct buildings, it equips them with differentiating, high value-added solutions, notably to enhance comfort. To demonstrate the effectiveness of these solutions and further develop research and innovation, numerous Saint-Gobain businesses joined forces to promote the Multi-Comfort concept which has been implemented in 13 countries. With this concept, Saint-Gobain is proposing a **new way of making buildings**. It establishes a **common frame of reference** that takes into account each country's specific features while anticipating new regulations. Designed to minimize a building's environmental impacts, the **"Multi-Comfort" scorecard** focuses on **five types of comfort**:

THERMAL COMFORT

Thermal comfort and energy performance
Bioclimatic architectural design; effective thermal insulation; contribution from solar gain and renewable energy.

ACOUSTIC COMFORT

Acoustic comfort
Effective acoustic insulation and correction.

HEALTH COMFORT

Health comfort and indoor air quality
Carefully considered building choices (low-emission or active materials); airtightness, ventilation, and monitoring of indoor air pollution.

VISUAL COMFORT

Visual comfort
Large windows to take maximum advantage of light and sunlight; esthetic quality and harmonious building envelope.

MODULAR COMFORT AND SAFETY

Modular comfort and safety
An evolving house, modularity and accessibility of spaces.

Ten-year consolidated financial highlights

(million EUR)	2013	2012 restated*	2012 reported	2011	2010	2009	2008	2007	2006	2005 (1)	2004
Net sales	42,025	43,198	43,198	42,116	40,119	37,786	43,800	43,421	41,596	35,110	32,172
Operating income	2,764	2,863	2,881	3,441	3,117	2,216	3,649	4,108	3,714	2,860	2,743
Consolidated net	631	723	796	1,360	1,213	241	1,437	1,543	1,682	1,294	1,275
Recurring net income(2)	1,027	1,053	1,126	1,736	1,335	617	1,914	2,114	1,702	1,284	1,289
Recurring earnings per share (in €) (3)(4)	1.85	1.98	2.12	3.24	2.51	1.20	5.00	5.65	4.62	3.72	3.78
Net income attributable to equity holders of the parent	595	693	766	1,284	1,129	202	1,378	1,487	1,637	1,264	1,239
Earnings per share (in €) (3)	1.07	1.30	1.44	2.40	2.13	0.39	3.60	3.97	4.44	3.66	3.63
Total investments (4)	1,454	2,127	2,127	2,638	1,580	1,453	4,507	3,238	2,775	8,747	2,197
Consolidated equity (including minority interests)	17,870	17,830	17,851	18,218	18,232	16,214	14,530	15,267	14,487	12,318	10,863
Net debt	7,521	8,490	8,490	8,095	7,168	8,554	11,679	9,928	11,599	12,850	6,218
Non-current assets	27,927	29,640	29,629	29,877	28,933	28,149	28,026	26,041	26,274	26,763	17,183
Working capital	5,024	4,237	4,238	3,161	3,188	2,952	2,392	2,540 (5)	2,451	2,324	3,181
Employees (December 31)	187,071	192,781	192,781	194,658	189,193	191,442	209,175	205,730	206,940	199,630	181,228

(1) Including BPB from December 1, 2005.
(2) Excluding capital gains and losses on disposals, asset write-downs and material non-recurring provision charges.
(including a provision for the Flat Glass fine levied by the European Commission).
(3) Earnings per share are calculated based on the number of shares outstanding at December 31.
(4) Capital expenditure and financial investments, excluding share buybacks.
(5) Working capital adjusted for the €560 million provision set aside in 2007 for the Flat Glass fine.
**Restated for the retrospective application of IAS19.*

SAINT-GOBAIN'S **BUSINESSES**

INNOVATIVE
MATERIALS

FLAT GLASS

With more than 32,000 people in 42 countries, the Flat Glass Activity is the leading flat glass manufacturer in Europe and number two worldwide[1]. It comprises three main businesses: flat glass manufacturing, processing and distribution of glass for the building industry as well as automotive, aircraft and railcar glazing.

The Activity is mainly supported by two dedicated research centers, in Germany (Herzogenrath) and France (Chantereine), and by one cross-functional research center in France (Aubervilliers).

FLAT GLASS

Flat glass is manufactured in large industrial facilities on long float lines where Saint-Gobain Glass produces everything from basic clear and colored grades to more sophisticated types with metallic oxides or other special coatings for use in a wide range of applications, such as insulation and solar control glass. The Flat Glass Activity has 37 float lines worldwide, including ten operated with partners. Over a third of the glass produced by the Activity's flat glass plants is further processed before being sold, notably for the building and automotive industries. In addition to the core product range, the Activity also manufactures specialty colored, high light transmitting and embossed glass. EuroKera, a joint venture set up with Corning SAS, manufactures and sells glass ceramics and is the joint world leader[1] in ceramic glass hobs.

In 2013, the Flat Glass Activity in Europe continued to be affected by the crisis and had to adjust its production capacity to lower demand. In all, four float lines have been shut down in Europe and three in Asia since the end of 2012. A new float line started production in Colombia in the first half of 2013. Emphasis was placed on developing sales of high value-added products, which continued to grow.

PROCESSING AND DISTRIBUTION OF GLASS FOR THE BUILDING INDUSTRY

Comprising a network of downstream processing and distribution companies, Glassolutions covers a broad spectrum of applications, including wall facings, large architectural projects, urban amenities, industrial joinery, furniture, bathroom fixtures and interior decoration. All of these applications have benefited from groundbreaking innovations, such as low-emission (low-E) glass, solar-control glass, shatterproof glass, fireproof glass, and active glass. One example is SageGlass, an electrochromic glass that darkens in response to an electrical charge, offering total control over solar transmission and combining protection with visual comfort and energy efficiency. The world's first plant for the series production of electrochromic glass started operations in the United States in 2013. The Flat Glass Activity also offers specialty glass products that are well positioned in their respective markets, such as oven doors and refrigerator glass (Euroveder), as well as glass for industrial optics and industrial refrigeration (Sovis).

Major cost cutting programs implemented in all host countries during 2013 yielded positive results, thereby limiting the impact of a further reduction in sales in Europe.

AUTOMOTIVE GLAZING

Saint-Gobain Sekurit supplies the world's major car manufacturers with windshields, side windows, rear windows, glass sun-roofs and other ready-to-assemble modules. These are complex, rapidly evolving products featuring advanced tempering, lamination and tinting technologies and high-performance coatings. They help reduce vehicle energy consumption and deliver the safe, comfortable driving experience today's users expect, for example with the greater visibility offered by panoramic windshields and the well-being afforded by soundproof window glass and windshields that are heated in winter and absorb heat in the summer. The Activity also serves other segments of the transportation industry, with glazing products for aircraft, railcars, trucks and armored vehicles.

In 2013, Saint-Gobain Sekurit's sales remained stable in Europe, but rose sharply in fast-growing countries, particularly in Brazil, Mexico and Asia. To partner customers more effectively, the business pursued its expansion in fast-growing regions, increasing production capacity in particular in Asia, Eastern Europe, Mexico and Morocco.

Flat glass

Businesses and Products	Main Applications	Main Competitors	Competitive Ranking[1]
Flat glass	• Plain & tinted glass, coated glass	• NSG (Japan) • Asahi (Japan) • Guardian (United States) • PPG (United States) • Şişecam (Turkey) • Various Chinese glass manufacturers	• No.1 in Europe • No.2 worldwide
Building products manufacturing and distribution	• Glass for residential and commercial, new building, renovation and interior design projects, active glass		
Automotive glazing	• Safety glass for the automotive, aircraft and other transportation markets		
Specialty glass	• Fireproof glass, nuclear safety glass, • Industrial optics, glass for household appliances, • Industrial refrigeration	• Schott (Germany)	• Leader or joint leader worldwide

(1) Source: Saint-Gobain

HIGH-PERFORMANCE MATERIALS

With operations in 42 countries and more than 26,000 employees, the High-Performance Materials Activity delivers high value-added solutions for a broad range of specialized applications in the manufacturing and construction industries.

The Activity is proficient in three main types of materials – mineral ceramics (Ceramic Materials, Grains & Powders, Crystals and Abrasives), performance polymers (Performance Plastics) and glass fabrics for the construction and manufacturing industries (Saint-Gobain Adfors). It has developed leading edge expertise in a range of technologies, enabling it to leverage all the benefits of these highly complementary materials and develop solutions that meet its customers' specific needs.

Many of the Activity's solutions are developed jointly with customers in order to match their specific needs. Examples include plastic products, highly sophisticated refractory products for the metalworking and glass manufacturing industries, and crystals for radiation detection systems.

The High-Performance Materials Activity allocates a high proportion of net sales to research and development (4.2% in 2013). Examples include two projects to meet the challenges of saving energy and protecting the environment:

- fuel cell entirely made of ceramic for decentralized energy production, particularly adapted to domestic energy needs;
- ceramic systems for storing heat for solar concentrator plants and electricity grids, and materials for batteries for the solar, building and automotive markets.

The Activity has two dedicated research centers, in the United States (Worcester) and in France (Cavaillon), which are supported by Saint-Gobain's research and development centers in China (Shanghai), India (Chennai) and France (Aubervilliers). In addition, many research and development teams based at the large industrial facilities also work on High-Performance Materials projects.

During 2013, capital expenditure projects were carried out to increase capacity in the United States and in the fast-growing markets of Brazil, China and India.

The High-Perfomance Materials Activity comprises four businesses: Ceramic Materials, Abrasives, Performance Plastics and Saint-Gobain Adfors.

CERAMIC MATERIALS

The Ceramic Materials business extends from the synthesis and conversion of raw materials (Grains & Powders) to the manufacture of products for high value-added applications, such as refractories for glass and blast furnaces.

In the value chain, the Grains & Powders business comes just after the production of silica and zirconium sands, bauxite and other mineral raw materials. Saint-Gobain is the world leader(1) in the purification, crushing, melting and sintering of these materials. It sells high-value suspensions and powders for the ceramics industry, aluminum oxide and zirconium oxide abrasive grains, and finished products. The Grains & Powders business offers for example pigment powders for home ceramic tiles.

For the energy market, the Group has developed proppants for the oil and gas industry that are used to enhance reservoir recovery rates. In 2013, Saint-Gobain started operations of its proppants production line in Little Rock (Arkansas, United States) with the largest capacity in the world.

World leader(1) in Ceramics, the Group serves a wide range of industries with products that deliver the remarkable properties of high-performance ceramics, such as exceptional mechanical strength, hardness, heat resistance, controlled porosity and light weight. Examples include the particularly sophisticated refractory ceramics used in glass furnaces that produce specialty glass for flat screen displays and the refractory ceramics used in the steel industry. In addition to these traditional markets in which Saint-Gobain is the world leader(1), the Group has also launched specialized activities, notably in the crystals segment. For example, the Ceramic Materials Activity supplies sensors used in medical imaging machines and airport luggage scanners, as well as transparent armor solutions for military vehicle applications.

(1) Source: Saint-Gobain

ABRASIVES

Abrasives is another business in which Saint-Gobain is a world leader[1], thanks to the Ceramic Materials business's expertise in producing the ceramic grains, an important abrasives component. The Abrasives Activity covers the entire abrasives spectrum, providing expertise and solutions at every process stage, from slabbing and cutting to polishing, grinding and surface-finishing. The markets served are also wide-ranging, including habitat and construction (from rough cutting of concrete walls and floors to sanding of wooden floors and polishing for decorative finishes), heavy industry (steelworks and paper mills), and manufacturing and high-tech industries (automotive, aerospace and electronics). Innovation drives the development of increasingly efficient and reliable products that are easier to use and longer lasting.

The abrasives market is trending upward outside Europe. In acquiring Argentine companies Abrasivos Argentinos S.A. and Dancan S.A. in late 2011, the Group has strengthened its manufacturing base in South America.

PERFORMANCE PLASTICS

The High-Performance Materials Activity has developed considerable technological expertise in the processing of special polymers delivering such remarkable properties as high-temperature resistance, chemical stability and purity, and special mechanical and surface properties. As such, they are in high demand for a broad range of new applications in the automotive, aerospace, healthcare and construction industries. One example is the architectural membranes made of fluoropolymer-coated glass fabric that are now widely used in major construction projects for their robustness, light weight, ultra-violet resistance, soil resistance, and acoustic correction capabilities. The Performance Plastics business comprises three units: Composites (films, foams and coated fabrics for construction and industry sectors), Bearings & Seals (for the automotive and aerospace industries), and Fluid Systems (for the healthcare, agrifood and electronics industries).

The acquisition of Solar Gard in 2011 facilitated expansion in the manufacture and distribution of coated films for the habitat and construction market (glazing for residential and commercial buildings), the automotive market and various industrial applications. As a coating and processing expert, Solar Gard produces solar control films that contribute to reducing energy consumption, tinted films to ensure privacy and security, and films to protect against window breakage from attempted break-ins and storms. In 2012, a new state-of-the-art plant was inaugurated in Qingdao, China to effectively meet Asia's growing demand for films for architectural glazing and automotive applications.

The acquisition, in late 2012 and 2013, of three companies in the United States specialized in the manufacture of components for the biopharmaceutical industry and of Brazilian company Flex Polímeros Indústria e Comércio de Adesivos e Fitas LTDA, a supplier of foams and acrylic adhesive tape for automotive, habitat and construction as well as manufacturing applications, expanded Saint-Gobain's presence in the medical and high-performance adhesive tape markets.

SAINT-GOBAIN ADFORS

Saint-Gobain Adfors is the world leader[1] in technical fabrics, chiefly for construction applications but also used in industry. Most Adfors fabrics are made from glass fiber manufactured in its plants (Vetrotex®). These fabrics are mainly used for reinforcement (as the name Adfors – "add Force" – suggests) and are sold to industrial groups and construction product manufacturers. They are also sold to the Building Distribution sector.

Adfors has a highly diverse range of products. It includes glass fiber mesh for exterior wall insulation (VERTEX®), wall coverings (NOVELIO®), joint tapes (FibaTape®), bonded glass fiber for thermal insulation and the production of asphalt toppings as well as mosquito netting (NewYorkWire®), and paving reinforcement grids (GlasGrid®).

Adfors has a strong manufacturing presence in North America (United States, Canada, Mexico), Europe (the Netherlands, Czech Republic, Poland, Spain) and Asia (India), including two complete platforms in the Czech Republic and Mexico, where the integrated production of both glass fiber and fabrics gives Adfors a unique position worldwide.

(1) Source: Saint-Gobain

High-Performance Materials

Businesses and Products	Main Applications	Main Competitors	Competitive Ranking[1]
Ceramic Materials			
Grains & Powders	• Raw materials for abrasives and ceramics industries • Mineral pigments for domestic ceramics • Catalyst substrates for the petrochemical industry • Proppants for the oil industry • Ceramic balls for micro-grinding applications	• Carbo Ceramics (United States) • Imerys (France)	• No.1 worldwide in silicon carbide • No.1 worldwide in zirconium-based abrasives • No.1 worldwide in ceramic balls • No.2 worldwide in proppants
Refractories	• Ceramic blocks for the manufacture of industrial furnaces for glass, ceramic, metallurgy & energy applications (including special glass for LCD screens) • Armor plating for the defense industry	• Asahi (Japan) • Cookson Vesuvius (UK) • RHI (Austria)	• No.1 worldwide in refractories for glass and non-ferrous metal industries
Crystals	• Sensors for medical imaging, oil exploration and security and safety applications • Substrates, components & equipment for the semi-conductor and light-emitting diode industries	• CPI (United States) • GE-Reuter Stokes (United States)	• No.1 worldwide in scintillation systems
Abrasives			
Bonded abrasives	• Roughing, grinding and sharpening of materials and tools for the aerospace, automotive, metal processing, steel and bearings industries	• Winterthur Technology – 3M (Switzerland) • Noritake (Japan) • Tyrolit (Austria)	• Joint-leader worldwide in all abrasive businesses
Thin grinding wheels	• Cutting, deburring, metal processing, maintenance, energy, steel, construction and DIY applications	• Tyrolit (Austria) • Comet (Slovenia) • Pferd (Germany) • Rhodius (Germany)	
Coated abrasives	• Surface treatment and sanding applications in the aerospace, automotive, furniture, hand tools, steel, jewelry, watchmaking & biomedical industries	• 3M (United States) • Hermes (Germany) • Klingspor (Germany) • SIA (Switzerland)	
Superabrasives	• Precision tools for the aerospace, automotive, bearings, cutting tools, electronics & composite materials industries • Glass industry	• Asahi (Japan) • Noritake (Japan) • Winterthur Technology – 3M (Switzerland)	
Construction Products	• Building materials industry • Diamond saws • Drills	• Husqvarna (Sweden) • Tyrolit (Austria)	
Performance Plastics			
Bearings and seals	• Friction parts for automotive, aerospace and industrial machinery	• Trelleborg (Sweden) • Glacier Garlock (United States) • Oiles (Japan)	• No. 1 worldwide in automotive bearings
Fluid systems	• Tubes, valves and connectors for fluid control systems in the agri-food, bio-medical, automotive & semiconductor industries	• Entegris (United States) • Stedim (France) • Parker Hannifin (United States) • Kuriyama (Japan)	• No.2 worldwide in specialty pipes
Films, foams & coated fabrics	• Adhesive coatings, architectural units, radomes, protective gear, cooking surfaces, composite material molds, metal-glass seals for the automotive and construction industries, coated films for architectural glazing and automotive applications	• 3M (United States) • Rogers (United States) • DuPont (United States) • Nitto Denko (Japan)	• No.1 worldwide in fluoropolymer-coated fabrics
Saint-Gobain Adfors			
Glass fiber yarn	• Bobbins of glass fiber yarn for the textile industry	• AGY (États-Unis) • PPG (États-Unis) • Nittobo (Japon)	• No.1 worldwide in construction fabrics
Reinforcement fabrics for construction and manufacturing	• Wall facing reinforcements, paintable wall coverings, mosquito netting, strengtheners for roof waterproofing systems, geotextiles	• Johns Manville (United States) • Phifer (United States) • Vitrulan (Germany)	• No.1 worldwide in paintable wall coverings • No.1 worldwide in construction fabrics

(1) Source: Saint-Gobain

CONSTRUCTION **PRODUCTS**

CONSTRUCTION PRODUCTS

With some 47,000 employees and industrial facilities in 55 countries, the Construction Products Sector designs and develops innovative solutions to improve the quality of living spaces. It has an unrivalled portfolio of products and services contributing to habitat solutions that improve sustainable drinking water supply and thermal, acoustic and visual comfort as well as ergonomics and durability.

The Construction Products Sector plays a leading role in the habitat and construction markets thanks to its portfolio of high-profile brands and its broad geographic footprint. It offers interior and exterior solutions that deliver a wide range of benefits including energy savings. Thanks to the diversity of its five Activities, Saint-Gobain has a solution for every construction need including thermal and acoustic insulation, wall facings, roofing products and pipe systems. Synergies have been successfully developed between Activities to generate innovative and efficient solutions.

Research and innovation are fundamental to the Sector's strategy. Its products are manufactured and marketed according to responsible development principles, based notably on an eco-design approach.

The Sector's ambition is to become the reference for sustainable habitat and drinking water solutions.

INTERIOR SOLUTIONS

GYPSUM

With more than 12,000 employees located in 130 production facilities across the world, the Gypsum Activity is the world's leading supplier[1] of plaster and plasterboard. Its operations consist of extracting gypsum — an abundant mineral found in the earth's crust — and converting it into a wide range of plaster-based products used for construction and decoration.

The Activity offers a comprehensive range of solutions for partitions, wall linings, ceilings and floors, that meet high technical specifications in terms of fire and damp resistance and thermal and acoustic insulation. Easy to install, the products respond to growing customer demand for a comfortable and visually pleasing home environment. The Gypsum Activity's aim is to offer solutions that do not just comply with the most ambitious technological standards and help to promote their widespread adoption, but also remain a step ahead of new regulations concerning, for example, the protection of interior air quality.

With its ranges of traditional and light plaster products marketed under well-known brands such as Placo®, Gyproc, Rigips®, British Gypsum and CertainTeed, the Gypsum Activity holds significant market shares in both mature and fast-growing countries. The ceiling business also benefits from the solid position of such brands as Ecophon, Eurocoustic and Gyptone, and thanks to the inclusion of specialized brands, offers a comprehensive range of high-performance solutions.

The Activity has 75 quarries. Large quantities of synthetic gypsum are also used and plasterboard recycling systems have been set up to expand the Activity's sources of raw material.

The Gypsum Activity has a clear-cut strategy to grow the business and strengthen its world leadership[1] by pursuing the following objectives:

- leverage innovation and research capabilities to drive product development and showcase high value-added systems;
- expand operations in fast-growing economies to accompany the local construction market development, particularly in Eastern Europe, Latin America, Africa and Asia;
- continue to improve manufacturing infrastructure and cut costs;
- generate synergies in line with Saint-Gobain's sustainable habitat strategy.

INSULATION

With some 10,000 employees worldwide, the Insulation Activity designs, develops and sells thermal and acoustic insulation products and solutions for buildings. It is the world leader[1] in mineral-wool insulation products, in terms of sales and the number of industrial patents.

The Activity's products made from mineral wool (glass wool and stone wool), polystyrene foam and polyurethane are marketed worldwide under the Isover brand, in the United States under the CertainTeed brand and in Japan under the MAG-Isover brand. These high-performance solutions respond to the growing demand for energy-efficient and comfortable buildings, as well as to certain specific needs in industrial facilities.

Insulation products are sold as rolls, panels, loose wool and in pipe section formats, according to customer needs, and services are also available such as installer training. The main product applications are in the residential and commercial building and renovation industries, for roof, wall and floor insulation to reduce energy consumption and noise and improve comfort. Other construction industry needs are also addressed, such as heating and air conditioning system insulation. In addition to these building and renovation applications,

(1) Source: Saint-Gobain

the Activity also supplies technical insulation solutions for industrial facilities, ships, railcars and automobiles, as well as products for niche sectors such as soil-less (hydroponic) cultivation.

The Activity offers core thermal and acoustic insulation solutions for buildings and is expanding in particular thanks to enhanced energy efficiency standards in many countries.

Today, it insulates one in three houses in Europe and one in five in the United States[(1)]. It has operations in all five continents either as a direct producer or via licensees.

Market leader in insulation[(1)], the Insulation Activity strategically focuses on building:

- dynamic positions in the building insulation and specialty insulation segments;
- a powerful brand with clear commitments to sustainable development;
- a broad, innovative range of material solutions adapted to the specific needs of each country;
- a customer-focused organization that provides efficient services thanks to a production and sales network attuned to local needs;
- its key role in Saint-Gobain's sustainable habitat strategy.

In 2013, the Insulation Activity in France launched the first hybrid product combining wood fiber and glass wool, to offer a more efficient insulation product for fans of wood-based products thanks to the glass wool.

EXTERIOR SOLUTIONS

EXTERIOR PRODUCTS

The Exterior Products Activity, which employs almost 3,000 people, is a leading player[(1)] in the North American habitat and construction market. Its comprehensive range of products designed specifically for North American homes is marketed under the CertainTeed brand.

The roofing offer consists of top-of-the-range asphalt and composite shingles available in a wide range of styles and colors, while for exterior walls, CertainTeed has developed a broad selection of easy-to-maintain vinyl and fiber cement siding that combines visual appeal and durability.

Other exterior products for the homebuilding and renovation market include fences, railings and decks made from PVC or composite materials.

The strategic objectives of the Exterior Products Activity are to:

- strengthen CertainTeed's leadership in the American market and increase the brand's market share in Canada;
- become the reference supplier of innovative construction products and systems;
- broaden the product range and develop new distribution channels;
- contribute actively to sustainable development by enhancing the environmental performance of its manufacturing plants and products.

PIPE SYSTEMS

With close to 10,000 employees, the Pipe Activity leverages over 150 years of experience in the water supply market to offer comprehensive solutions that meet the highest specifications. It ranks number one worldwide for the production and marketing of ductile cast iron pipe systems and number one in Europe[(1)] for municipal castings and cast iron wastewater and rainwater drainage systems for buildings. Products are sold in over 140 countries from manufacturing bases in France, Germany, Italy and Brazil as well as from more recently developed plants in China, the Czech Republic and South Africa.

With a view to ensuring a local presence, the Pipe Activity is organized internationally around three units, Water & Sewage, Municipal Castings, Soil & Drain.

Under the worldwide PAM brand, the Pipe Activity designs and sells:

- complete ductile cast iron pipe solutions for:
  - the drinking water, irrigation, sanitation and rainwater drainage markets;
  - the mining and manufacturing markets;
- valves, sprinklers and connectors for water networks;
- ductile cast iron and steel municipal castings for network access (water, wastewater and telecommunications);
- complete cast iron wastewater and rainwater drainage systems for buildings;
- cast iron systems for underground heat exchangers.

The quality of the Pipe Activity's solutions is widely recognized by customers, who particularly appreciate the durability, ease of installation and performance of its pipe systems, the reliability of its products and services, and the broad offer.

Fully committed to the principles of sustainable development, the Activity develops solutions that have a remarkably small environmental footprint. Because they are durable, tight and recyclable, they reduce consumption of water and raw materials.

(1) Source: Saint-Gobain

The Pipe Activity's strategic objectives are to:

- consolidate its leadership and technological advance by leveraging its innovation capabilities and service quality;
- achieve the highest standards of manufacturing excellence and efficiency;
- develop effective responses to today's major societal and sustainable development challenges with its ductile cast iron solutions.

In 2013, the Pipe Activity signed a major contract in Kuwait and lent its expertise to a variety of international projects including the construction of football stadiums in Brazil for the 2014 World Cup and the international roll-out of Saint-Gobain's Blutop pipe solutions, now an integral part of the drinking water supply system of Guanambi, Bahia, Brazil.

The Activity also created a dedicated sales organization to harness the growing demand from mining markets.

INDUSTRIAL MORTARS

The Industrial Mortars Activity, which has over 10,000 employees and markets its products under the Weber brand, is the world leader(1) in its field, ranking number one worldwide for tile adhesives and grouting, and number one in Europe(1) for exterior wall insulation systems and flooring systems. It has operations in 49 countries, supported by a network of some 180 industrial facilities.

The Industrial Mortars Activity comprises two business lines:

- industrial mortars, marketed under the Weber global brand;
- expanded clay aggregates, mainly sold under the Leca brand.

Weber offers a comprehensive range of exterior wall decoration, protection and insulation solutions for the residential, commercial and industrial building markets:

- the mortars are available in a wide range of colors and surface effects with a choice of technical functions, such as insulation, repair and damp-proofing of exterior walls;
- in Europe, the offer is adapted to each local market, in terms not only of insulating performance but also of architectural styles and the general environment;
- the range is supported by services that include classroom theory and onsite training for contractors and specifiers.

Weber's tiling products represent safe, easy-to-implement solutions adapted to each situation and based on local tiling techniques. They comprise cement and resin-based adhesives and grouting for fixing all types of tiles on all types of surfaces, and for decorative and technical joints. Flooring solutions are designed for a wide range of applications, such as new or renovated concrete toppings, screed to create a level base for other flooring, and colored mortars for a decorative effect. The range also includes technical products for high-traffic areas such as shopping centers, which are designed for rapid installation to keep disruption to a minimum, and solutions to meet specific technical challenges, such as underfloor heating systems.

The construction mortars offer comprises a full range of technical mortars for repair, sealing, blocking, pointing, renovation and waterproofing applications. By providing practical solutions to problems routinely encountered during construction and renovation projects, they help to smooth the workflow and make life much easier for the project manager.

Lastly, to ensure that all the needs of building and renovation contractors are met, from construction to finishing, Weber also markets a range of masonry construction and assembly products and a selection of interior wall renders.

Leca supplies expanded clay pellets for use in road construction and civil engineering projects as well as in light concrete and mortars to improve insulation performance and reduce the weight of materials handled and used on construction sites. Clay aggregates are also highly suitable for fast-growing emerging applications, such as in solar power plants and green roofs.

Lastly, a range of additives is marketed in the Middle East to meet growing construction industry demand for concrete with improved technical properties.

The Industrial Mortars Activity's strategic objectives are to:

- consolidate its worldwide and regional leadership(1), in particular by developing innovative solutions and efficient services;
- deploy best worldwide practices to meet local needs;
- develop activity in fast-growing markets;
- support improvements in energy efficiency.

(1) Source : Saint-Gobain

Construction Products

Businesses and Products	Main Applications	Main Competitors	Competitive Ranking[1]
Gypsum			
• Plasterboard (including with specific functions) • Plaster: construction plaster and other specialty plasters • Plasterboard fastening systems and accessories • Ceiling tiles and panels • Soundproof ceilings • Metal frames	• Separation partitions, suspended ceilings & flooring for residential and commercial buildings • Interior thermal insulation • Soundproofing solutions • Fire protection solutions • Shockproofing solutions • Damp-proofing solutions • Interior air quality solutions • Interior decoration • Ceramic & metal moldings	• Siniat, corresponding to Gypsum Activity assets in Europe and South America acquired by Etex (Belgium) from Lafarge (France) • Knauf (Germany) • USG (United States) • National Gypsum (United States) • Georgia Pacific (United States) • BNBM/Taihe (China) • Armstrong (United States) • Rockfon (Denmark), Rockwool's ceiling company • Boral (Australia)	• World leader
Insulation			
• Glass wool • Stone wool • Ultimate® mineral wool • Expanded polystyrene foam - EPS • Extruded polystyrene foam - XPS • Polyisocyanurate - PIR • IsoDuo (wood fiber and glass wool) • Hemp insulation • Airtightness membranes • Waterproof toppings • Fibers for vacuum insulation panels	• Thermal and acoustic insulation of residential, office and industrial buildings • Technical insulation for industrial facilities, air conditioning and heating systems • Insulation for ships, trains, cars and household appliances • Substrates for hydroponic cultivation	• Owens Corning (United States, China) • Johns Manville (United States) • Rockwool (Europe) • Ursa (Europe) • Knauf (United States, Europe) • BASF (worldwide) • Dow Chemicals (worldwide) • Kingspan (Europe) • Technonicol (Russia) • Asahi (Japan)	• World leader, all insulating materials combined • World leader in mineral wool • No.1 in Europe in airtightness solutions • No.1 in Europe in expanded polystyrene foam
Exterior products			
• Siding • Vinyl fences, decks, railings • Asphalt and composite roofing shingles • Fiber-cement	• Single family homes and apartment buildings • New building, repair and renovation markets	• Ply Gem (United States) • Georgia Gulf (United States) • Alside (United States) • Trex (United States) • Fiberon (United States) • Owens Corning (United States) • Tamko (United States) • IKO (United States) • GAF (United States) • Azek (United States) • Versatex (United States)	• No.2 in the United States for vinyl siding • No.3 in the United States for roofing shingles
Pipe systems			
• Complete pipe systems in ductile cast iron, pipe connectors and fittings • Ductile cast iron and steel manhole covers • Complete cast iron wastewater and rainwater drainage systems for buildings	• Drinking water supply systems • Irrigation systems • Sewage systems • Mining and manufacturing markets • Sprinkler systems • Wastewater and rainwater drainage for buildings • Utility access (manholes)	• Xinxing (China) • Electrosteel (India) • Jindal (India) • US Pipe (United States) • Mac Wane (United States) • Kubota (Japan) • Duktus (Germany) • East Jordan/Norinco (United States/France) • Wavin (Netherlands) • PipeLife (Austria)	• World leader in ductile cast iron pipe systems • No.1 in Europe in ductile cast iron municipal castings • No.1 in Europe in cast iron wastewater and rainwater drainage systems for buildings
Industrial mortars			
• Wall rendering products • Tile adhesive & grouting • Flooring screed • Technical mortars • Interior rendering • Masonry mortar • Expanded clay aggregate • Cement additives	• Exterior wall decoration and protection • Exterior thermal insulation • Stonework renovation • Tile fixing • Decorative and technical pointing • Tile cleaning and protection • Concrete toppings and leveling compounds • Technical and decorative flooring • Building waterproofing • Concrete repairs • Masonry building and finishing • Lightweight blocks • Civil engineering and highway bedding solutions	• BASF (Germany) • Mapei (Italy) • Sto (Germany) • Materis (France) • Sika (Switzerland) • Baumit (Austria) • Ardex (Germany)	• World leader in industrial mortars

(1) Source: Saint-Gobain

BUILDING
DISTRIBUTION

With a network of nearly 4,400 sales outlets and over 64,000 employees in 27 countries, the Building Distribution Sector is Europe's leading[1] building materials distribution network. It serves the new building, renovation and home improvement markets.

The Sector targets craftsmen, small and medium-sized enterprises, private project owners and large companies via a network of strong and complementary trading brands, either generalist or specialist. Rooted in its local market, each brand is uniquely positioned to meet the specific needs of each type of customer and market. Together, they contribute to the Sector's overall sales effectiveness. The Sector deploys best practices in all its host countries, while maintaining a high level of responsiveness to the local market. This flexible, proactive organization makes it possible to meet a wide range of expectations in terms of products and services.

The Sector's ambition is to be the reference for both its customers and suppliers. To this end, it mobilizes a vast, dense network of sales outlets, also deriving strength and effectiveness from the quality, dynamism and expertise of its teams.

The Sector's strategic priorities are those of a market leader: to offer customers the best service and added value while at the same time promoting the most effective solutions, notably to increase the energy efficiency of new buildings or buildings to be renovated; to strengthen its network of generalist and specialist brands in order to build a solid information systems and logistics architecture, enabling it particularly to take advantage of multi-channel sales opportunites; and to sharply focus on its teams' development.

PURCHASE RIGHT TO SELL RIGHT

Purchases by the Building Distribution Sector represent 45% of the Group's total purchasing volume.

With over 30,000 suppliers across more than 50 countries, purchasing is a major source of leverage to create a stronger sales dynamic, win market share and improve the Sector's margins.

Optimizing purchasing by selecting and developing partnerships with the best suppliers, and choosing the best products with the best prices and the best service to satisfy customers, is therefore a top priority.

For this reason, purchasing is a critically important function within the Building Distribution organization. As part of an ongoing drive to instill the highest professional standards in all of the Sector's buyers, a Purchasing Excellence Program was set up in 2013. This training program focuses on supplier portfolio management and the development of partnerships, and it also introduces buyers to sustainable procurement practices. Each training module is available in different versions adapted to the specific requirements of each brand and/or country where it is used. It leads to specific commitments which then form the roadmap for the purchasing teams.

By mid-2014, 1,000 Sector employees from 15 different countries will have participated in the Purchasing Excellence Program.

BRANDS AND TEAMS THAT MAKE THE DIFFERENCE

Generalist brand Point.P Matériaux de Construction is the market leader in France[1]. It operates alongside other generalist and specialist brands as part of Saint-Gobain's Building Distribution network in France.

The brands mainly target building professionals. Together, they form a network that covers the whole of France and serves the new building and renovation markets, providing a complete range of energy efficient solutions. Customer satisfaction is a core objective for all of the brands.

Lapeyre, the main brand of the Lapeyre group, is specialized in home improvement through its different areas: fittings, bathrooms, kitchens, joinery and flooring. A manufacturer and distributor serving both the renovation and new building markets, the Lapeyre group also offers bespoke installation, fitting and related services to its customers.

In the United Kingdom, Jewson is a major generalist supplier of building products and of timber sourced from sustainably managed forests. The Saint-Gobain Building Distribution UK & Ireland network mainly targets small and medium-sized enterprises and craftsmen. Its network comprises a portfolio of generalist and specialist brands serving the new building and renovation markets.

Saint-Gobain Building Distribution Deutschland GmbH is the leading building materials distributor in Germany[1]. Its network is made up of complementary generalist and specialist brands to meet the needs of all types of customers, markets and projects. Raab Karcher, its main generalist brand, also operates in the Netherlands, Hungary and the Czech Republic.

In the Nordic countries, the main brands are Dahl, the leading distributor of plumbing, heating and sanitaryware products[1], and Optimera, a major player in the distribution of building materials. They serve the new building, renovation and sustainable solutions markets, as well as the industrial markets.

In Southern Europe, Saint-Gobain is present in Spain, Portugal and Italy through a network that includes generalist brands as well as brands specialized in interior fittings, tiles, and plumbing-heating-sanitaryware solutions.

In the United States, Norandex markets exterior building products such as siding, windows, roofing and doors, while Meyer Decorative Surfaces offers laminate and related products for the kitchen and for bathroom furniture.

The Sector is represented in Brazil by Telhanorte, a builders' merchant specialized in home improvement and more particularly, tiles, bathrooms and kitchens.

(1) Source: Saint-Gobain

CUSTOMER-FOCUSED, VALUE-ADDED INNOVATION

The Building Distribution Sector's teams create value every day thanks largely to a focus on innovation.

By placing customers at the heart of their strategy, its brands play a vital role in helping building professionals to understand and adopt new building renovation techniques and new regulations, to enter new markets and to use new distribution channels.

Always attentive to their customers' requirements, the brands are constantly looking for the best ways to provide them with a professional solution, relevant expertise and increased added value. This is reflected in their products and services, logistics processes, sales concepts, drive-throughs to pick up online orders using the "click & collect" model, showrooms, training centers, practical guides and professional advice.

A COMPREHENSIVE RANGE OF SOLUTIONS

The Building Distribution Sector's brands leverage new distribution formats and innovative tools to keep in step with the times, forever adapting to market and technological change.

Delivering on its commitment to help customers "save time and money", La Plateforme du Bâtiment has developed its drive-through service, which allows customers to order products online and to pick them up at a warehouse of their choice within the hour. This new service has been deployed at the 55 existing warehouses in France. It is already proving popular, with some 30,000 orders placed online by the end of 2013 by La Plateforme du Bâtiment's professional customers.

For its part, Lapeyre has launched a new branch concept. Based on the findings of customer surveys and studies carried out by the brand, the new generation of Lapeyre branches now offer two separate purchase channels: a service counter for customers who already know what they want and are looking for fast, efficient service, and a project area for customers who want to take the time to listen to advice from the brand's experts.

These new branches also have a drive-through facility, allowing customers to pick up online orders without getting out of their vehicle, while receiving personalized support. The first branch based on the new concept opened this year in Bordeaux Mérignac.

CUSTOMER SATISFACTION, A CONSTANT CONCERN

The Building Distribution Sector's brands are deploying tools and services to guarantee the satisfaction of building professionals and consumers.

In the United Kingdom, Jewson has formed a partnership with the rapid delivery company Shutl to offer an express delivery service for 48 of its London branches. London-based Jewson customers can now place their orders in-branch or by phone, and take delivery in just 90 minutes, or in a time slot of their choice. Jewson is currently the United Kingdom's only builders' merchant to offer such a service.

In France, Lapeyre is the first brand in the country to publish service quality data for each of its branches daily. Customers can give the brand a satisfaction rating based on criteria including the showroom, the quality of advice, and the waiting time to speak to an advisor and at the check out. These ratings are collated and published daily without restatement on the www.lapeyre.fr website. They are displayed to all users on the branch locator page.

In 2013, regular customer satisfaction measurement processes were extended to cover most of the Sector's brands and sales outlets.

PROMOTING ENERGY EFFICIENCY AND NEW ENERGIES

To support and guide customers through their energy efficiency challenges, the Building Distribution Sector's brands develop innovative tools and provide customized training in sustainable products and renewable solutions.

In France, to help customers to better assimilate the Thermal Regulation 2012, which applies to both newbuilding and renovation projects, Point.P Matériaux de Construction has set up special energy efficiency counters in some 80 branches. Customers visiting an Energy Efficiency Counter can talk to specially trained sales staff and use a simulator – the only one of its kind in France – to measure the energy efficiency of their future project. They are also offered exclusive services such as the structural study carried out by one of the Point.P Regional Technical Centers, thermal studies conducted with a partner thermal research institute, and technical equipment hire.

Going even further to support its customers, Point.P offers training at the same branches to help them earn "*Reconnu Garant de l'Environnement*" (RGE) environmental certification.

The brand is also a member of CAPEB[1]. Through this partnership, it is committed to helping customers earn RGE certification, in particular by encouraging them to participate in training modules on energy efficiency. This is an ambitious initiative that aims to train 5,000 companies a year.

(1) La CAPEB (Confédération de l'Artisanat et des Petites Entreprises du Bâtiment) is the French trade association for companies in the building industry.

Cedeo has launched RGE Service Pro, a service targeted at all the brand's customers wanting to work towards RGE certification. The brand has set up a dedicated hotline for professionals to get information and find out about training offered by qualified organizations that is suited to their needs depending on their specialty.

In the United Kingdom, Jewson has been working on a groundbreaking green energy supply initiative with its partner Biffa, a waste management specialist, and subsidiaries of Saint-Gobain Construction Products in Great Britain. In line with its goal of sending zero waste to landfill, Jewson's site waste will be converted to energy by Biffa, in the form of refuse-derived fuel for the generation of electricity. Biffa will then provide this volume of renewable electricity to Saint-Gobain manufacturing plants in the United Kingdom.

To guide and support customers in sustainable construction in the United Kingdom, Building Distribution brands Jewson, Graham, Gibbs & Dandy and Minster have teamed up to create the Greenworks Training Academy that allows customers to improve their knowledge of highly energy efficient products.

In two years, the Greenworks Training Academy has provided almost 55,000 hours of training to 8,000 employees, customers and suppliers.

Raab Karcher has opened its own Greenworks Academy based on this model in Breda, in the Netherlands.

In Northern Europe, Dahl has continued to deploy its innovative Klimacenter concept. The Klimacenters combine a showroom, a training center, and a skills center devoted to renewable energies and ventilation systems, where professional builders and end users can test a broad range of environmentally friendly solutions in practical applications. They can also receive advice and training from Dahl's experts in these areas.

In Germany, selected outlets offer Solarkauf, a full range of products and accessories for the photovoltaic market packaged in an all-in-one solution.

E-COMMERCE AND DIGITAL PRESENCE

The Sector's brands continued to develop in the area of e-commerce last year. Alongside smartphone applications for Graham, Jewson, Point.P and Raab Karcher, many commercial websites and applications were successfully launched in 2013.

In the United Kingdom, Jewson's website Jewson Tools Direct is now available on smartphones and tablets. Customers can see all the brand's tools, decoration and gardening products as well as a range of consumables. They can also access all the features of the website, such as the click and collect service enabling them to benefit from a free delivery. Regular visitors have access to special weekly and monthly offers on a range of branded products.

In France, the K PAR K brand has also developed a mobile version of its website for smartphones and tablets, which is easier to navigate and invites customers to request a quote or initiate phone contact. The mobile version also relays key information featured on the website, including promotional offers and the product catalogue.

Point.P has launched a new version of its mobile application. With new features, the redesigned application is practical and easy-to-use. Customers can now find products, and view their orders (products, order status) and online quotes in their account.

The application also locates the nearest Point.P branch using a geolocation feature, and can check product availability. Interactive versions of all the brand's catalogues are also available on the application.

Dispart, a heating parts brand distributed by Cedeo and Dupont-Sanitaire Chauffage, has launched a smartphone application for its customers, to help them with breakdowns and purchases. Accessible 24/7 to enable professionals to respond quickly, the Dispart application is a link to sales outlet. Customers can consult the product sheets for over 7,000 items, find out about special offers, place orders, find their nearest branch, get information about products and access their account.

In response to customer demand, Jewson has created an account management service on its website www.jewson.co.uk. Customers can now access their order history, update their details, see their balance, and download documents.

This online account management service is designed to allow clients to access the information they need 24/7. The easy-to-use site has already been presented to more than 4,000 Jewson customers in London, who appreciated the benefits of the online tool.

In total, the Sector generated a little over €400 million in electronic and online sales in 2013.

NEW GENERATION PRODUCT CATALOGUES

For Building Distribution brands, the product catalogue is an essential tool. It provides a comprehensive, reliable and targeted presentation of the product and service range and makes the day-to-day work of professional customers easier. Always at the leading edge of innovation, the brands launched new generation catalogues in 2013.

Point.P Matériaux de Construction launched its first Materials Catalogue with an availability pledge for the products featured.

Presenting Point.P's structural, timber/roofing, plasterwork/insulation and interior joinery ranges, the Materials Catalogue is now available in 35 versions, featuring between 3,500 and 5,000 products. For each product, the catalogue indicates whether it is in stock at all branches or selected branches, the branch where it can be found and associated products.

Point.P is planning to launch 70 versions of the catalogue corresponding to the 70 sales territories identified by the brand in France.

La Plateforme du Bâtiment has expanded its "Memento", an invaluable reference for customers. This 800-page resource, which already listed 20,000 product references, has been enhanced with the inclusion of 200 editorial inserts providing advice for building professionals on how to fit the materials, and reminders of construction standards and energy efficiency regulations.

Dahl in Sweden has added pages to its catalogue showing the installed products. The customer can now draw parallels between what the product looks like when it is installed and its technical specifications. This is a compelling combination that helps to clinch the sale.

Cedeo has launched the Cedeo Perso catalogue. Published directly by branches, it lists the entire range and each product's specialty features. This allows building professionals to identify the Cedeo branches nearest to their construction site that specifically meet their needs.

Ditac, a Brossette brand specializing in climate control components and accessories, has launched the Parts Guide. A 376-page search resource, it allows professionals to have a clear overview of Ditac and Brossette's 8,500 best-selling guaranteed OEM parts.

Dispano, a brand specializing in timber, panels and joinery, has launched *L'Intégral*, a guide presenting available stock, prices, delivery times, services and branch details. Available in 18 versions (one for each sales territory), it features up to 9,000 products and is updated three times a year.

POOLING RESOURCES TO BECOME STRONGER TOGETHER

In a persistently difficult environment, Saint-Gobain's Building Distribution Sector consolidated its leadership position in Europe by boosting its selling and operational momentum. Through sharing experiences between its brands, optimizing synergies and putting the customer at the heart of its strategy, the Building Distribution Sector intends to get the most from its size and diversity, as well as its teams' local responsiveness and expertise.

Building Distribution

Businesses and Products	Main Applications	Main Competitors	Competitive Ranking(1)
• Distribution of construction materials for the newbuilding and renovation markets • Industrial joinery	• Individual & collective housing market • House fittings: fitted kitchens and bathrooms, interior fittings, doors and windows, wall and floor coverings, plumbing-heating-sanitaryware solutions	• Wolseley (United Kingdom, France, Nordic countries, United States, Canada, Switzerland, Austria) • CRH (Netherlands, France, Switzerland, Germany, Belgium) • Travis Perkins (United Kingdom, Netherlands) • SIG (United Kingdom, France, Germany, Netherlands, Poland) • Grafton (United Kingdom, Ireland, Belgium) • Ahlsell (Scandinavia) • Chausson, Vendée Matériaux, Samse (France) • Cordes & Grafe (Germany, Poland, Netherlands, Norway.)	• No. 1 in Europe in the building materials distribution network • No. 1 in Europe in the plumbing-heating-sanitaryware market

(1) Source: Saint-Gobain

PACKAGING
VERALLIA

PACKAGING VERALLIA

The Packing Sector, under the Verallia name, is a world leader[1] in glass containers for the food and beverage industry. The Sector is dedicated to offering highly innovative glass container solutions and services to its 10,000 customers in 45 countries to support their growth in future markets over the long term.

In 2013, Verallia produced around 24 billion glass bottles and jars, and held forefront positions in all of its markets. Still and sparkling wine bottles represented around 40% of its total sales, beer bottles and food jars (mainly for soluble products, yogurts, and other dairy products, preserves and baby food) accounted for around 20%, and spirits bottles for roughly 10%. The Sector is also present in the soft drink bottle segment.

Its business model is based on a unique combination: a powerful worldwide industrial network of 58 sites and 90 glass furnaces in 14 countries, and an attentive sales team of 14,000 people maintaining a close local presence alongside customers.

Backed by centuries of glass expertise, Verallia has set the ambitious goal of becoming the reference in glass containers, an innovative company that supports the sustainable development of its host communities, enhances the value of customer products contained in its packaging and contributes to the well-being of end-consumers.

To achieve this, Verallia mobilizes and continually optimizes world-class technological expertise and key skills, particularly at its ten research and development centers around the world. The task of improving glass packaging and processes is supported by energetic research and development activity, often carried out in partnership with teams from independent research institutes. Attesting to these efforts, a total of more than 300 patents had been filed by Verallia by the year-end.

Lastly, in the area of innovation, Verallia is working to improve its industrial processes such as glass melting and forming, in particular the use of renewable energies, and is actively committed to a program of product differentiation and service innovation.

Verallia supports its customers in new markets with bottles and jars featuring ever more original shapes and innovative designs. Determined to propose differentiating products, the Sector's teams create highly attractive glass containers by playing with product themes as well as colors and shapes. In 2013, thirteen prizes for innovation were awarded to containers designed by Verallia. Among them, an olive oil bottle designed by Verallia Spain received the LiderPack prize at the international packaging fair in Barcelona.

To encourage the emergence of new concepts, Verallia France held its fourth creative competition for design school and packaging school students in 2013. The *Soirée A Rosé* bottle, designed by a young student and the winner of the competition's first edition, was successfully launched in the market in 2013. Highly differentiating, the bottle, whose base is in the shape of a rose, won over Gérard Bertrand, a vineyard owner in Languedoc-Roussillon, who decided to use it for his new *Côte des Roses* range, which has been very well received in France, the United States and Asia.

After these promising results, Verallia decided to extend the competition concept to other countries and Brazil, Portugal and Spain launched their own versions in 2013.

Verallia continued to create new services, notably by using new technologies. In Spain, for example, experiential marketing workshops were organized for customers to help them promote their brands and build consumer loyalty. Verallia Spain provided a simulation tool that allowed customers to visualize the bottle of their choice, either full or empty, with a label and a cap, and to compare it with other bottles. Using a tablet computer or mobile phone, customers can also see bottles in augmented reality.

Flexible and innovation-driven, Verallia works closely with customers to design and co-develop specific products. Thirteen design and development laboratories have been set up for this purpose worldwide. In these laboratories, innovative ideas are transformed into industrializable glass solutions through a collaborative process. Verallia's experts bring their customers in to work on new bottle and jar projects together in real time, and even use simulated environments to test products on the virtual store shelf.

(1) Source: Saint-Gobain

Leveraging its glass expertise and innovation capabilities, Verallia creates products aligned with changing market needs, while at the same time placing sustainable development at the heart of its strategy.

Its EcoVa range of eco-designed bottles, which minimize environmental impacts and promote the value of the contents, now represent the majority of volumes sold in some market segments and in some countries, particularly where customers are present primarily in export markets. Since their launch, 7 billion EcoVa bottles have been sold by Verallia worldwide. The latest EcoVa bottles include *Burdeos Suyai*, produced by Verallia Argentina, which has an optimized weight of 380g and an elegant design.

Attentive to the well-being of end users, Verallia uses the unrivalled properties of glass to its advantage. Produced from naturally occurring raw materials, glass is fully and indefinitely recyclable. It is also chemically inert and neutral, making it an ideal packaging solution for protecting the health and well-being of consumers. In 2013, Verallia continued to support all of the major national, continental and worldwide federations of glass professionals in their campaigns to promote glass.

Last year, the Sector pursued its initiatives to improve the environmental performance of its manufacturing facilities, guided by four priority objectives: increase the use of recycled glass in place of virgin raw materials (thereby reducing energy consumption and consequently CO_2 emissions), cut CO_2 emissions, improve process energy efficiency and optimize water resources. In Spain, Verallia launched a pioneering project to reuse CO_2 emissions from its Canary Islands plant, by installing special equipment that recycles CO_2 for the production of carbonated drinks. Verallia's efforts to improve its environmental performance have not gone unrewarded: it earned ISO 14000 certification in Italy and Brazil during the year.

To step up its commitment to improving industrial performance, Verallia established cross-functional operational excellence programs in four areas: manufacturing, capital expenditure, procurement optimization and innovation.

In manufacturing, during 2013 Verallia continued to build on the impetus given to its new Verallia Industrial Model (VIM) in 2012, with deployments launched in France, Italy, Brazil and Germany, and pursued in Spain and Portugal. By thoroughly rethinking the organization of business processes, fostering regular sharing of best practices and encouraging greater standardization, the VIM is designed to reduce losses, lower production costs and improve the company's overall competitiveness.

In the area of capital expenditure, the Sector kept up its modernization, quality enhancement and environmental stewardship programs in 2013 – despite the financial crisis – in mature and fast-growing markets alike. In France, Verallia invested €22 million in the new Furnace 3 at its Cognac plant, with flexible equipment designed for small-run productions with shorter lead times. In Brazil, construction of a new production facility in the north-east of the country was announced during the year, while in Algeria, a second furnace with completely modernized equipment started operations.

On January 17, 2013, Saint-Gobain announced that it had signed an agreement with Ardagh to sell Verallia North America for $1,694 million (about €1,275 million). Authorization of the deal by the US Federal Trade Comission is currently pending.

Packaging

Businesses and Products	Main Applications	Main Competitors	Competitive Ranking[(1)]
• Glass bottles and jars	• Packaging for food products & beverages	• Owens Illinois (United States, Europe, Asia, Latin America) • Ardagh (Europe) • Vitro (United States) • Vetropack (Europe) • Vidrala (Europe) • Şişecam (Turkey and Eastern Europe) • Barbosa & Almeida (Spain, Portugal)	• No.2 worldwide and leader or joint leader in all countries where it has industrial operations

(1) Source: Saint-Gobain

SAINT-GOBAIN, ONE OF THE **100 MOST INNOVATIVE COMPANIES** IN THE WORLD*

Research and innovation are at the heart of Saint-Gobain's habitat solutions strategy and sustainable development policy. Ongoing initiatives to develop the Group's innovation culture are clearly producing results: for the third year in a row, Saint-Gobain ranked among Thomson Reuters' Top 100 Global Innovator Companies. The Group intends to pursue its efforts in this area in the years ahead – notably in terms of investment – to maintain and extend its leadership positions in its Activities and sustain a high level of performance and operating excellence.

In 2013, the Group invested close to €430 million in Research and Development and 3,700 team members worked on nearly 900 research projects. With the opening of a new center in Chennai, India, Saint-Gobain now has seven cross-functional R&D centers that serve all its Activities (Aubervilliers, Cavaillon and Chantereine in France, Herzogenrath in Germany, Northboro in the United States, Shanghai in China and Chennai in India). The Group also has a dozen research centers dedicated to specific Activities and around 100 development units worldwide.

These investments and the efforts of the research teams have resulted in a significant number of patents; the Group files close to 400 patents every year.

This dynamic research and innovation is also reflected in the organizational and cultural transformation taking place at Saint-Gobain. Over the past several years, Saint-Gobain's strategy has shifted gradually from a product-focused mindset to a mindset focused on markets and solutions. Now, new competencies and skills are needed to prepare the future and maintain Saint-Gobain's innovative edge.

RESEARCH SUPPORTING STRATEGY

Designing innovative, high-performance products and solutions to improve our habitat and everyday life is at the heart of Saint-Gobain's strategy. This is a responsibility for the Group's teams, as well as a major source of motivation. Through their innovations, the teams contribute to reducing the environmental impacts of buildings, processes and the development of new high-performance solutions.

DEVELOPING A CULTURE OF ECO-INNOVATION

As part of a rigorous improvement approach, Saint-Gobain has set the goal of conducting life cycle assessments for all its building industry product ranges. Life cycle assessments are a scientific tool for conducting a multi-criteria analysis of a product's total potential environmental impacts, from extraction of raw materials to production, distribution, installation, use, end of service life and recycling.

Once the environmental footprint has been measured, the Group can use the life cycle assessments to start reducing these products' environmental impact while creating value. This is the dual objective of Saint-Gobain's eco-innovation strategy. For the Group, eco-innovation should provide customers with real added value by offering products and solutions that minimize the environmental impact of buildings and infrastructure across their full life cycle. A product or solution is eco-innovative if it helps reduce the use of resources (notably energy and water) in buildings and infrastructure and/or if it has a smaller environmental impact across its life cycle.

Many examples demonstrate the growing percentage of eco-innovative products and solutions in the Group's innovation portfolio. Saint-Gobain's commitment to this initiative can be seen in the market success of Saint-Gobain Glass' Miralite Revolution lead-free mirrors (launched in 2010), PAM's Blutop lighter-weight pipes (launched in 2009), and Verallia's eco-designed EcoVa bottles (launched in 2009), which are sold around the world. **weber.therm A 200** composite external wall insulation systems combined with **weber pas top** surface coating (launched in 2012) is one of the most recent examples.

**Thomson Reuters 2013 Top Global Innovators*

This eco-innovation culture is gradually being extended across all the Group's Activities. This year Saint-Gobain Performance Plastics created for instance a new range of Tygon® bio-sourced phthalate- and BPA-free tubing. In the same vein, Saint-Gobain Sekurit launched two new products that show a commitment to reducing the Group's environmental impacts, as well as those of its customers. The first, SGS CoolCoat, is a heat reflective windshield that reduces the need for air conditioning, thereby enhancing vehicle comfort while lowering fuel consumption, for an environmentally friendly result. The second, SGS Lightweight, is 10% lighter than a traditional windshield, making for lower total vehicle weight and reduced energy consumption.

Saint-Gobain's objective is to spread this culture of eco-innovation more systematically throughout its organization. This means creating awareness and providing in-depth training for researchers, as well as for marketing, purchasing, health-environment-safety and production teams. Eco-innovation issystemic and requires a continuous dialogue among all the functions involved. Teams will need a common vocabulary and tools to define objectives, as well as the necessary resources to achieve those objectives.

Saint-Gobain has been deploying specific training programs in the Activities and country organizations since mid-2012 to inform all managers and their teams about the integration of eco-innovation in existing innovation processes. These efforts continued in 2013 and will be expanded in the years ahead.

MORE EFFICIENT AND ENVIRONMENTALLY FRIENDLY PROCESSES

Improving the environmental impact of industrial processes, notably by reducing energy, water and raw materials use, has been a key concern at Saint-Gobain for many years. One of the Group's strategic research programs is devoted to process energy efficiency and the environmental impact of Group Activities that use furnaces, such as Flat Glass, Insulation, Packaging and Pipe systems. Progress in combustion methods will further reduce NO_x emissions from furnaces. The commercial scale-up of an innovative furnace for stone wool, developed by researchers at the Aubervilliers research center and the Rantigny insulation research center, was one of the year's key successes. These two research centers also collaborated with SEVA to develop a surface treatment application for glass fiber spinners that increases their life span by 15%.

The Group continuously improves processes across all its manufacturing operations. Saint-Gobain Abrasives' new Norton® Vitrium3 vitrified grinding wheels, incorporating an adhesive bond, are manufactured at a lower temperature, thereby saving energy and reducing carbon dioxide emissions. Similarly, special attention is paid to product recycling. Research carried out by SEFPRO teams has led to a new process that makes it possible to recycle 100% of chrome refractory waste.

In another area, Saint-Gobain Ceramic Materials presented for the first time at trade shows a unique, all-ceramic solid oxide fuel cell (SOFC) stack that will allow to transform chemical energy into heat and electricity. This recent product is the outcome of a major R&D project launched a few years ago.

Saint-Gobain's researchers also use their skills in applied mathematics to create more efficient shipping processes for Saint-Gobain materials and reduce the related environmental impact. One of the teams at the Aubervilliers research center in France is developing innovative models for the manufacturing Activities (Saint-Gobain Sekurit, Saint-Gobain Weber and Saint-Gobain Performance Plastics, Saint-Gobain Isover and Saint-Gobain Glass), as well as for the distribution Activities (Autover and Point.P), where logistics is of key importance in responsible, efficient growth.

PRODUCTS AND SOLUTIONS FOR SUSTAINABLE CONSTRUCTION

The challenge for Saint-Gobain is not only to minimize the environmental footprint of its products and solutions across the life cycle, but also to develop products and solutions that significantly reduce the environmental impact of the buildings and infrastructure that use them. At different levels, this is the objective of all the Group's strategic R&D programs, from fuel cells and active glazing to high-performance insulation, the new external wall insulation systems, flexible functional substrates, lighting and process energy efficiency. These strategic programs offer many growth opportunities for Saint-Gobain in both existing and new markets. The building industry is involved in projects intended to last a long time. The Group designs durable and sustainable materials to meet its customers' needs. 2013 was marked by a number of major successes in this area.

For instance, researchers based in the insulation research centers in Rantigny (France) and Ladenburg (Germany), working with production teams at the Gliwice plant in Poland, were able to push existing technological limits by developing a mineral wool with a very low thermal conductivity coefficient (Lambda 029). The product was presented for the first time at the Bau 2013 trade show in Munich (Germany) and also received the Global Insulation Technical Innovation of the Year Award at the Global Insulation Conference and Exhibition. At the same time, in the United Kingdom, Saint-Gobain Glass introduced a new generation of glass featuring the self-cleaning properties of Bioclean glass and the solar-control properties of Cool-Lite ST. The SGG Bioclean Natura and Aqua glazing were developed at the Chantereine research and development center in France and the Saint-Gobain research center in Aubervilliers (France). These products offer a unique combination of solar control and self-cleaning properties on the exterior surface of the glass substrate, reducing the frequency of window maintenance and reflecting more than two thirds of the heat generated by the sun's rays.

Saint-Gobain Weber continued the roll-out of its new lighter tile adhesive range. Marketed in Belgium, Weber.col plus E-CO_2 offers easy, dust-free installation and lower CO_2 emissions.

Swisspacer, a Saint-Gobain subsidiary, launched its new generation Ultimate spacer bars for insulating glass. These warm edge spacer bars offer exceptional thermal properties and stop gas and moisture from leaking in or out, giving the product outstandingly long-lasting energy efficiency.

Saint-Gobain also made progress once again in inventing more environmentally and user friendly binding agents. Teams have developed a new generation of binders containing mainly bio-sourced materials (sugar derived from wheat or corn starch and citric acid from lemon juice) to replace phenol formaldehyde resin-based formulas. Incorporating these new binders in products helps improve air quality during both production and use. This is the case for Placo's Activ'Air range, which captures up to 80% of aldehydes in ambient air in buildings and transforms them into inert compounds, or for Isover's G3 range of mineral wool, which reduces emissions of volatile organic compounds (VOCs) thanks to a new binding agent that combines organic and plant-based compounds.

AN ORGANIZATION ATTUNED TO MARKET NEEDS

The Group's strategic growth, combined with the gradual transformation of the habitat and construction markets, has created a spirit of openness and attentiveness to customer needs at Saint-Gobain. To meet customer expectations and anticipate emerging demand, the Group is developing new research skills and fostering a stronger culture of partnership and co-development.

STRONGER TIES WITH MARKETING TO BETTER UNDERSTAND CUSTOMER NEEDS

R&D and Marketing have been closely working together for many years. Teams cooperate at the corporate level as well as in the Activities and country organizations. This way of working makes it easier to develop specific responses to market expectations, anticipate emerging needs and shorten time to market.

Cross-business Habitat organizations, now present in 38 countries, foster dialogue among teams involved in innovation processes and help implement inter-Activity innovation projects. This dual focus reflects Saint-Gobain's powerful development model, through which local projects designed to meet local needs can be supported by the Group's corporate and cross-business innovation capabilities.

Inter-Activity projects are increasingly common. The Group's large cross-functional research centers are also collaborating more and more with local development units inside the Activities, which have a closer view of end markets. Drawing on developments in the field of laminated glass, for example, the research centers in Aubervilliers (France) and Chantereine (France) developed a wall system for Weber and Placoplatre called Duo'Tech, which consists of two plasterboard panels of the same thickness and a layer of acoustic film. This multi-layer assembly process delivers outstanding acoustic and mechanical performance. When combined with mineral wool or expanded polystyrene insulation, Duo'Tech revolutionizes plasterboard wall system installation by removing the need for vertical frames. The product makes it possible to achieve very high performance in thermal and acoustic insulation while limiting concealed space. Duo'Tech® System Mur received the silver medal in the innovation awards at the Batimat 2013 trade show.

In another area, the teams from the Chantereine research and development center (France) and the European Research and Study Center in Cavaillon (France) developed a slip-resistant enamel called Lite-Floor Xtra Grip for Saint-Gobain Glassolutions that can be applied to glass surfaces. Combining a glass binder and an abrasive, the enamel offers the best performance in the market, particularly in terms of long-lasting slip-resistance.

In addition, Saint-Gobain has created several specific venues to foster exchanges with major market players and provide them with solutions aligned even more closely to their needs. Building on the success of Domolab, the habitat innovation center in Aubervilliers (France), and Habitat Lab, a training and innovation center based in Milan (Italy), two new sites were inaugurated on March 13, 2013, in London (UK) and on November 15, 2013, in Moscow (Russia).

DEVELOPING NEW COMPETENCIES TO SERVE MARKETS MORE EFFECTIVELY

Saint-Gobain is continuing to develop its research teams' competencies, particularly in the area of habitat solutions, by conducting major cross-business programs. The programs, which cover both the physico-chemical characteristics of materials and their functions, are shared by the Group's Activities and directly related to the marketing teams' strategic priorities. This tighter collaboration between research and marketing has produced several success stories. Cross-functional programs on acoustics, building energy efficiency and fire resistance, for example, have helped Saint-Gobain define and measure the technical characteristics for Multi-Comfort buildings. Deploying this marketing concept, which is now promoted in all the Habitat Committees, requires a deep understanding of local climate, culture and regulations. Research teams provide valuable insights thanks to their skills in such areas as metrology and the characterization of thermal, acoustic, visual and health comfort. A new cross-functional program to improve interior air quality was set up in 2013 to enhance competencies in this field more effectively and improve Saint-Gobain's ability to develop key technologies.

Along the same lines, Saint-Gobain's has developed its skills in simulation and virtual reality in order to work more effectively with major market players. The Group now has a range of tools for researchers, Saint-Gobain's professional clients and their customers. The virtual reality team, based in Aubervilliers (France), has developed a tool to visualize an external thermal insulation system (ETICS). Thanks to this tool, customers can get a realistic view of what their house will look like after renovation and obtain the necessary data to implement their project (layout, quantity of products needed, etc.) The tool was presented in a preview at the Batimat 2013 trade show.

Each time a major customer need emerges, Saint-Gobain develops new laboratories or skills near the market concerned. A local presence allows the Group to respond more quickly and exchange information more effectively.

For example, Saint-Gobain's research center in Aubervilliers (France) transferred skills developed for thin films deposited on glass to manufacture thin films on flexible plastic films in collaboration with Solar Gard research teams. This led to the launch of Solar Gard's latest Ecolux™ product: a low emissivity window film that improves thermal insulation when applied to single or double glazing.

FOSTERING A CULTURE OF PARTNERSHIP AND CO-DEVELOPMENT

Saint-Gobain's outward-looking strategy, notably with regards to innovation, has led the Group to develop and diversify its partnerships. The complexity of eco-systems and the acceleration of technological change has required closer cooperation with external partners to extend the Group's expertise.

Saint-Gobain PAM, for example, co-developed with Kerneos, the world leader in calcium aluminates technology, an internal coating for pipes made entirely from calcium aluminates that is acid-resistant even in hot and dry countries. Known as BioGan, this coating complies with the most stringent sanitation specifications. Furthermore, Isover France launched this year a new composite insulation closely developed between the French marketing teams, the Rantigny insulation research center and wood fiber specialist Buitex. IsoDuo 36 is a glass wool product reinforced with wood fiber achieved by using a process borrowed from non-woven textile manufacturing. As a result, the product has remarkable mechanical properties (cohesion, flexibility and semi-rigidity) and maximized thermal properties. In addition, it uses low amounts of binder and comprises recycled and bio-sourced materials.

During the year, Saint-Gobain also continued to open its doors to start-ups and emerging technologies. Weber, for example, signed an agreement with German start-up BetoGlass to market and promote a pioneering external thermal insulation system in Germany that features a glass finish. To achieve this breakthrough, the weber.therm style Glas system uses Polytransmitter, a material developed by BetoGlass that makes it physically possible to connect different building materials (e.g., glass to rigid surfaces) by eliminating the problems caused by their different expansion and contraction coefficients. This agreement also enabled the Swiss launch of Weber Ceramo, a new range of design siding solutions with all types of finishes, including glass. In both cases, Weber combined the expertise of a start-up with its own bonding solution and its knowledge of the external thermal insulation market.

Saint-Gobain also pursued its collaboration with start-up Brochier® Technologies. After an initial technological development agreement with the Aubervilliers research center in France in 2008, and a second with Placoplatre for applications adapted to plasterboard, the start-up has now signed a new partnership agreement with Adfors to co-develop luminous fabricscombining fiberglass and fiber optics for the constructionand habitat market. Thanks to co-development, the partners benefit from the complementary nature of their respective areas of expertise. Brochier brings its experience in the processing steps for fiber optics and textiles, while Adfors contributesits knowledge of fiberglass weaving, as well as marketing strengths that facilitate access to the market.

ANTICIPATING FUTURE CHALLENGES

All the sectors in which Saint-Gobain operates are changing faster than ever before. The building industry, traditionally perceived as being conservative, is now experiencing major transformations. The competitive environment is becoming tougher every day, and companies must remain agile to anticipate future challenges if they want to develop their business. To meet these challenges, Saint-Gobain places innovation at the center of its strategy. R&D objectives are aligned with the Group's needs and ambitions to ensure that Saint-Gobain can compete successfully, explore new horizons and recruit top talent.

A SUSTAINED EFFORT TO ENHANCE THE GROUP'S COMPETITIVENESS

Innovation is the Group's greatest differentiating strength in the face of growing competition and numerous new players in its markets. This drive to strengthen competitiveness takes different forms depending on the market sector.

For high value-added products, Saint-Gobain's ability to combine cutting-edge technology and design is often a major advantage for enhancing its leadership position.

In 2013, for example, Saint-Gobain Glassolutions launched a new rangeof laminated glass integrating called Tex Glass in Europe. This interior decoration product, which has a patented manufacturing process, is marketed in partnership with fabric designer Nya Nordiska. Developed at the Chantereine Research and Development Center in France, the process involves encapsulating the fabric in two film interlayers and two pieces of extra clear SGG Diamant glass. The interlayers filter out 99% of ultraviolet rays and keep the fabric's color from fading.

In the same vein, Saint-Gobain Glassolutions launched its new Desire range of illuminated mirrors fitted with LED back lighting for a softer effect without glare. The range, which was developed by the Chantereine research and development center in France, includes five enlightening design motifs achieved by applying sandblasting techniques. The Desire collection uses SGG Miralite Revolution, the first lead-free mirror produced by Saint-Gobain Glass.

The first PICTUREit Lighting project was also installed in 2013, combining high resolution printed glass and LEDs. Designed for office interior decoration, this solution can be used to customize interiors and add a personal touch.

Lastly, in the high value-added category, the work of EuroKera, a joint venture between Saint-Gobain and Corning, has been recognized by the Institut Français du Design, which selected KeraSpectrum™ for the Janus de l'Industrie 2013 award. This new generation black cooking surface allows different functions like the timer or temperature to be displayed in color.

In markets where the competition is concentrated on low cost offers, continuous improvement is the only way to stay competitive. The traditional production cost reduction strategies of improving processes and/or substituting expensive raw materials are not always sufficient. Saint-Gobain PAM has succeeded in innovating by combining these strategies with a particular focus on customer service. An example of this is Himaya, a new, highly differentiating offer at lower cost developed by Saint-Gobain PAM to extend its range of exterior coatings for corrosive soils. Himaya combines product innovation – a new type of coating combining zinc, aluminum and polyethylene – with an innovative process and development model. This new coating can be used in the countries where the pipes will be laid, substantially increasing the value-added for local companies – an essential criterion in a growing number of international invitations to tender.

Lastly, creating new high-performance products in fast-growing markets also nurtures significant competitive advantage. The booming electronics, telephone and touch tablet markets, especially in Asia, represent an outstanding opportunity for the High-Performance Materials Activity (Innovative Materials Sector). 2013 was marked by the launch of several new products for electronics manufacturers. Saint-Gobain Performance Plastics was able to market a new water-based polyurethane foam adhesive band in China thanks to work by researchers at the Shanghai research center. Just 120 micrometers thick, this environmentally friendly, extremely resistant adhesive is the component of choice for the new generation of ultra-light, electronic devices with a reduced environmental footprint. Research teams also contributed to developing precision grinding wheels for Saint-Gobain Abrasives. These Norton Hummingbird grinding wheels are designed for the manufacture of molds used to form electronic connectors. The increasing miniaturization of computers and telephones is a major technological challenge for manufacturers; in this environment, the reliability and durability of Norton products are major strengths for the Group's competitiveness and, more importantly, the competitiveness of its customers.

OPENING UP TO NEW REGIONS AND NEW PARTNERS

Preparing the Group's future also means pursuing the Activities' geographic expansion. R&D is supporting this development by opening up to new horizons and new partners.

The Saint-Gobain research center in Chennai (India), which opened in December 2012, started its activities and signed an agreement with the Indian Institute of Technology Madras.

In China, the extension to the Shanghai research center was inaugurated in September 2013, adding 8,300 square meters of new laboratories, offices and common areas to the existing 5,500-square-meter facility. A model of sustainable construction, this eco-designed building is certified to CARE:4 standards and is in the process of obtaining gold level certification under the American LEED standard, and two stars under China's GBDL standard. In the long term, this center will host 400 researchers and support Saint-Gobain's strategy in Asia-Pacific markets.

In the United States and Europe, the Group pursued its numerous collaborations with members of the Saint-Gobain University Network, which comprises all the academic and scientific institutions with which Saint-Gobain has a special relationship. Within this framework, several new research projects have been launched in Germany with the Fraunhofer institutes in the fields of habitat and building physics. These projects reinforce a long-standing relationship initiated by the Herzogenrath research and development center.

A TALENT POOL THAT ENHANCES THE GROUP'S ATTRACTIVENESS

Being attentive to the outside world and how it is changing will be a determining factor in Saint-Gobain's long-term competitiveness and attractiveness. Research and innovation play a key role in this area, both internally and externally. Developing new research centers and partnerships is a major focus of Saint-Gobain's innovation strategy, as well as a way to ensure the vitality of a very high level recruitment network.

Based on the model of Gay-Lussac days in Europe, which bring together all the public laboratories with which the Group works, the Northoboro, Massachusetts research and development center in the United States has organized discussion days on the latest scientific progress in processes and innovative materials for the last two years. The 2013 event took place in December at the University of Massachusetts conference center, attracting over 100 researchers from a dozen American universities and all the Saint-Gobain research centers worldwide.

Hiring high-potential researchers benefits the entire Group. Research is a valuable talent pool for Saint-Gobain's Activities. Today, around 4.5% of the Group's research managers are likely to gravitate towards marketing, production, auditing or purchasing each year. Women represent 27% of Saint-Gobain's managers working in research. This is a key asset in enhancing the Group's diversity.

Supporting training for researchers is also a priority for the Group. For this reason, the Weberasmus program, inspired by the European education program that offers students the chance to study in other countries in Europe, was launched in 2013. This program, designed by Saint-Gobain Weber, offers researchers the opportunity to spend several months in one of Saint-Gobain Weber's research and development laboratories around the world. Researchers can either be assigned to a laboratory specialized in a technology that they will implement upon return to their home laboratory, or a center that can help them develop a new product. The program enables participants to broaden their horizons in a different professional environment and to create a community of mobile, diverse and truly multicultural researchers.

R&D spending over the last three years

(in € millions)	2013	2012	2011
	429	479	431

FULFILLING OUR COMMITMENT TO **FUTURE GENERATIONS**

CORPORATE SOCIAL RESPONSIBILITY
SAINT GOBAIN, A DEEP COMMITMENT

A LONG-TERM VIEW

Saint-Gobain's commitment to Corporate Social Responsibility (CSR) is based on values forged by nearly 350 years of history.

Nine binding Principles of Conduct and Action guide employees in their daily work as members of the Saint-Gobain community. The values of professional commitment, respect for others, integrity, loyalty and solidarity shape the conduct of each and every member of Saint-Gobain. Respect for the law and caring for the environment, workplace health and safety and employee rights guide the actions of all employees in the performance of their duties.

Adherence to these principles is a requirement for belonging to the Group. Saint-Gobain expects its employees to set an example through their conduct and action, both internally and externally, as well as to limit their impact on the environment as much as possible and make outside partners and local communities a primary concern. Responsible development, respect for people and respect for the environment will ensure Saint-Gobain's sustainable future.

Saint-Gobain made international commitments by joining the United Nations Global Compact in 2003 and signing the declaration of management support for human rights in 2008. In January 2009, the Group took its commitment to the UN Global Compact one step further by endorsing the Caring for Climate statement and the CEO Water mandate for Water Resource Protection as part of the UN's Millennium Development Goals.

Drawing on its long history and values, Saint-Gobain's ambition is to be the reference in the sustainable habitat and construction markets. The Group designs and supplies innovative, high-performance solutions that enhance homes, offices and other buildings, as well as daily life.

Saint-Gobain products, services and solutions are designed to last, backed by a commitment to quality and sustainability for direct customers, craftsmen and end users. The Group believes that buildings should be looked at across their life cycle, from the materials production stage to dismantling and recycling.

Saint-Gobain also produces for other industries, including automotive manufacturing, aeronautics and glass packaging. In these markets too, the Group acts as a responsible business player, in line with its values.

Inventing sustainable habitat solutions

The habitat and construction industry, Saint-Gobain's main market, is shaped by major sustainable development challenges. The need for healthy, comfortable and energy-efficient housing remains considerable. To keep up with rapid urbanization in fast-growing markets and aging constructions in mature markets, the industry will have to build more, build better, and renovate the buildings people live in today.

In the face of global warming and dwindling natural resources, new models will be required to preserve the planet. No significant progress will ever be made in improving energy efficiency and reducing greenhouse gas emissions without massive action in the habitat and construction industry, which alone accounts for some 40% of energy consumption and 38% of greenhouse gas emissions in industrialized nations. It also has a considerable impact on water use (accounting for 12% of drinking water consumption) and waste (producing 40% of solid waste in volume)[1].

To meet the challenges of sustainable development, Saint-Gobain is imagining the habitat solutions of the future. Buildings hold considerable potential to improve comfort, well-being and quality of life for men and women around the world. It is possible to make progress while reducing the world's energy dependency and limiting environmental impacts. As places where people live, work and spend time, the main purpose of homes, offices, hospitals, schools, leisure facilities and other buildings is to serve users and meet their needs.

To drive these changes, Saint-Gobain is leveraging a unique innovation model in which local innovations receive corporate support and are shared across the different businesses.

Engaging all stakeholders

Saint-Gobain interacts with a very large number of stakeholders. In each of its businesses and host regions, and for all existing or potential impacts, teams at both the corporate and local levels listen closely to stakeholder concerns and coordinate effective dialogue. The Group organizes relations with each stakeholder, based on the situation, by identifying appropriate information channels and, when necessary, selecting a suitable framework and venue for dialogue at the appropriate level (headquarters, businesses, sites) in application of the subsidiarity principle. This system reflects the Group's matrix organization, size, international dimension, diverse business portfolio and decentralized management, which gives the operating units a great deal of autonomy in conducting their activities. Each Activity therefore has a specific responsibility to listen to stakeholders, establish effective dialogue and take action on sustainable development issues.

(1) Source : *« Building Design and Construction: Forging Resource Efficiency and Sustainable Development », United Nations Environment Program-Sustainable Buildings and Climate Initiatives (UNEP-SBCI)*

CORPORATE SOCIAL RESPONSIBILITY GOVERNANCE SYSTEM

Saint-Gobain's Chairman and Chief Executive Officer presents sustainable development objectives to the Board of Directors for review and approval. In late 2013, acting on a proposal from the Chairman and Chief Executive Officer, the Board of Directors decided to give the Strategy Committee responsibility for Corporate Social Responsibility (CSR) issues effective February 19, 2014. Following this extension of its terms of reference, the Committee is now known as the Strategy and Corporate Social Responsibility Committee.

The **Corporate Secretary is responsible for leading Corporate Social Responsibility policy** with support from the Responsible Development, Human Resources and Environment, Health and Safety Departments.

These three departments notably interact with Purchasing, Marketing and R&D to ensure that the Group's sustainable development objectives and policies are applied at the operating level. Lastly, the Corporate Communications Department helps familiarize all employees with the challenges of sustainable development and makes the Group's policy and initiatives known to stakeholders and the general public. The Investor Relations Department handles communication with financial analysts, investors and shareholders.

Certain subsidiaries have set up CSR steering committees to apply their specific objectives aligned with the Group's strategy, establish roadmaps and track progress on environmental and social issues.

BUSINESS PRACTICES

In 2009, the Board of Directors approved the launch of a Group Compliance Program to ensure that the Principles of Conduct and Action and their related obligations are applied properly in all Activities worldwide. At one of its meetings in 2013, the Board of Directors once again reviewed the deployment and progress of this program, which includes four main components:

1) Responsible development

The Responsible Development Department ensures that the Principles of Conduct and Action are distributed to all Group employees and that everyone understands them. Training courses organized during Saint-Gobain Management School sessions help raise awareness among Group managers, as does the Adhere on-line training program.

In 2012, two new programs were added to support the Group's compliance policy, which is a direct application of the Principles of Conduct and Action:

- an anti-corruption prevention program that includes initiatives and good practices already implemented in certain subsidiaries to prevent international business transaction risks. This program covers:
  - active and passive corruption;
  - national, foreign or international government agents;
  - the private sector;
- an economic sanctions and embargos compliance program, to ensure that the Group's international trade does not infringe on international regulations.

These two programs were communicated and training initiatives were deployed throughout 2013. An initial online training module on preventing corruption was also developed for deployment in early 2014. Versions in the different languages used by the Group will be gradually introduced.

2) Competition Law Plan

All Saint-Gobain employees are expected to comply at all times with good competition practices, and General Management regularly reminds them of the Group's zero tolerance policy.

The Competition Law Plan, launched in 2007, is designed to ensure compliance with Competition Law and comprises three main parts:

- the Comply online training program for all managers, available in 21 languages, and in-depth seminars led by specialized lawyers and Group legal specialists for the most directly concerned managers;
- unannounced competition audits performed by specialized lawyers;
- a Competition Law Compliance guide available in 18 languages and distributed to some 35,000 Saint-Gobain employees worldwide.

3) Internal audit and internal control

The internal control system is designed to ensure that units effectively manage their principal risks, comply with applicable laws and regulations and apply the strategy and guidelines set by General Management. Internal control also verifies that processes operate properly, that financial information is reliable, that property, plant and equipment and intangible assets are safeguarded and that fraud is detected and eradicated.

As part of the Group Compliance Program, the Internal Audit and Internal Control Department has designed and deployed a compliance statement that all general managers must sign each year. Further details on the compliance statement are provided in the Report on the Internal Control and Risk Management Systems (page 108).

4) Compliance alerts system

The Group's compliance alerts system has been deployed in virtually all of its host countries, in line with local administrative constraints and legislation.

Dedicated e-mailboxes for employee alerts have been opened in all host countries. The compliance correspondents are responsible for collecting and processing the messages and for ensuring that the identities of the authors and the persons discussed remain confidential. This optional system provides a way to report serious violations of applicable laws, internal rules and procedures, or the Principles of Conduct and Action. All reports must be submitted in good faith. Anonymous reports are not accepted.

In addition to this system, employees in North America, the United Kingdom and India continue to have access to local hotlines. The alerts received via hotlines are also processed in a way that ensures that the identities of the callers and the persons discussed remain confidential.

Compliance network

Each year, the Board of Directors of Compagnie de Saint-Gobain receives a detailed annual report on the Compliance Program's deployment, which is carried out through a compliance network composed of 80 corporate and line executives and coordinated by the Corporate Secretary. The network includes:

- 25 compliance correspondents;
- a Compliance Committee in each General Delegation;
- a Group Compliance Committee, made up of top executives from the Sectors and from Compagnie de Saint-Gobain.

EHS MANAGEMENT SYSTEM

The Group's EHS policy, as expressed in a letter of commitment from the Chairman and Chief Executive Officer to all employees, sets Saint-Gobain's objectives and priorities concerning the environment, industrial hygiene and workplace health and safety. Saint-Gobain has drawn up standards and recommendations in response to specific EHS concerns. The standards are mandatory and apply to all Group sites, regardless of the country or local legislation concerned. EHS management and supervisory tools are also provided to help sites develop their own EHS practices, in line with Group policy.

A coordinated network of expertise

The EHS structure is matrix-based, reflecting the organization of Saint-Gobain itself. Its activities are coordinated by a central department.

An efficient management method

Workplace health and safety and the environment are two pillars of World Class Manufacturing (WCM), a structured industrial excellence method that has proved to be effective in the areas of safety, quality and productivity. More than 90% of the Group's manufacturing sites will have adopted the WCM method by 2015.

Accurate EHS reporting

Since 2004, the Group has used a centralized EHS reporting system called Gaïa.

A comprehensive audit system

Saint-Gobain's audit system is based on the EHS and self-diagnostic audits initiated by the EHS department and a self-assessment questionnaire introduced by the Internal Audit and Internal Control Department.

SOCIAL MANAGEMENT SYSTEM

A structured network

The Human Resources Department defines priority areas for action and deploys initiatives through a Human Resources network by Delegation, Sector and Activity. This network is responsible for implementing and adapting Group Human Resources policy in each unit.

Reliable information systems

Consolidated units and companies participate in a monthly social reporting system that provides total headcount numbers for all companies controlled by the Group.

The annual social reporting exercise conducted since 2002 provides data for the calculation of all the other social indicators that are published in the Sustainable Development Report in accordance with Global Reporting Initiative (GRI) guidelines.

Quantitative social data collected monthly and annually from the reporting systems are consolidated using Enablon software. The input, validation, verification and consolidation process generates a scorecard for use by the Group Human Resources Department.

PeopleGroup software is used for data concerning managers, enabling effective tracking of career paths and remuneration. Information on the Group's organization is updated monthly in PeopleGroup on the basis of data provided by the social reporting system.

Continuous improvement

Saint-Gobain has launched an assertive program to gradually improve the reliability of social data by communicating continuously with contributors, stabilizing indicators to enable year-on-year comparisons, ordering external audits, implementing stronger controls at each level of data collection and consolidation, and multiplying payroll system interfaces to ensure that workforce indicators are consistent.

THE FIVE KEY AREAS OF SAINT-GOBAIN'S CORPORATE SOCIAL RESPONSIBLITY STRATEGY

INVENT SUSTAINABLE BUILDINGS

Sustainable buildings

To meet the challenges of sustainable development, Saint-Gobain offers sustainable habitat solutions in all of its host countries. The Group adapts its responses by taking into account the different needs and diverse markets in both mature and fast-growing countries for renovation and new building, and for commercial and residential buildings. The sustainable solutions that are gradually emerging in the building industry will become the standards of tomorrow. Saint-Gobain is doing everything it can to ensure that these types of buildings become the norm, rather than an exception.

Innovation

The Group focuses its innovation capabilities first and foremost on developing new technical solutions to make buildings more energy efficient (with external wall insulation systems, increasingly effective mineral wool and other products) and comfortable (with active glass, soundproof ceilings, etc.), while reducing their environmental impact (through recycling, eco-designed products and other solutions).

A smaller environmental footprint for products and services

The Group's environmental commitment involves reducing the impact of its products and solutions throughout their entire life cycle by using life cycle assessment (LCA) methodology and leveraging the eco-innovation policy deployed across Saint-Gobain (see page 32, Research and Innovation).

The Group publishes LCA results in Environmental Product Declarations (EDPs), and commissions third-party audits of compiled LCA data.

The sustainable habitat mission, a pluridisciplinary body led by a committee of senior executives, is responsible for managing this process.

LIMIT ENVIRONMENTAL IMPACTS

Because Saint-Gobain is involved in both manufacturing and distribution, it has to take into account the environmental impacts of very different types of sites (from production facilities to sales outlets and quarries), as well as of product shipping. To help sites reduce their environmental impacts, measurement tools and improvement initiatives are defined at the Group level. These resources are designed to combat climate change, preserve natural resources or reduce waste and atmospheric emissions. More targeted measures are also defined and implemented by the businesses to meet their specific needs.

Climate change

Energy efficiency is a key component in the sites' environmental performance. They are making progress in this area by innovating and optimizing existing equipment. This means improving combustion processes, making refractories more effective, recovering heat from furnaces and driers and replacing end of life equipment.

A substantial part of the Group's research and development is devoted to enhancing production processes with the goal of reducing atmospheric emissions.

Natural resources

Sustainable water use is one of Saint-Gobain's priorities. A Group-wide sustainable water management policy has been implemented to help sites measure and reduce their impacts on water. The measures taken aim to reduce the amount of withdrawals and discharges, promote the use of the least sensitive sources, improve monitoring of wastewater quality and prevent accidental pollution.

Preserving natural resources not only limits the impact on ecosystems but also protects local fauna and flora. The Group's quarries are operated in an environmentally friendly manner in compliance with local and national regulations. During extraction and restoration, the effects on local communities and the environment are reduced as much as possible. These include the visual impact of the operations, dust, noise and vibration, added road traffic and any repercussions on the natural surroundings.

Waste and atmospheric emissions

Reducing atmospheric emissions of sulfur dioxide (SO_2) and nitrogen oxides (NO_x) from the production of glass, cast iron and other products has been a priority for many years.

Concerning production waste, Saint-Gobain is committed to reducing the amount of by-products generated by its processes and finding ways to re-use them internally or externally.

In addition to recovering its own waste products, the Group uses recycled materials from outside sources, such as cullet and recovered scrap metal, to optimize its raw material consumption.

ENCOURAGE EMPLOYEES' PROFESSIONAL GROWTH

The Human Resources function's ambition, as expressed in the OPEN[(1)] program, is to support the Group's corporate mission and strategy. The objective is to give meaning to the Group's action among all members of the organization while ensuring their well-being and performance in the workplace.

A more open and outward-looking Group

Saint-Gobain has gone through profound changes, notably with the shift from a product-focused to a market-focused culture, which have made it a more open and outward-looking Group. This means listening to the world outside to provide solutions adapted to customer needs and opening up inside, both individually and in teams, with the development of diversity, professional mobility and internal social networks to stimulate sharing and innovation.

Foundation

This openness fits in with the values that have forged Saint-Gobain's human resources policies over the years: respect for employee health and safety, exemplary managerial practices and social dialogue.

At Saint-Gobain, employee health and safety are a constant priority. The Group's long-term objective is zero occupational accidents and zero occupational illnesses. Everyone at Saint-Gobain sites, from employees to temporary staff to subcontractors, is ensured of working under safe conditions and in an environment that exceeds the requirements of local legislation.

To promote exemplary practices, all managers are expected to display the following four key behaviors in their daily conduct: Always be consistent with the Group's values, No leadership without close focus on people, Walk the talk, and No complacency allowed.

Lastly, social dialogue is an important part of Saint-Gobain's operations and is based on employee involvement, discussions with employee representatives and active internal communication.

To support the Group's development, the OPEN (Our People in an Empowering Network) program focuses on four priority initiatives:

- **increase professional mobility** (geographic, functional and inter-Activity);
- **promote all types of diversity** (nationalities, gender, generations, training and career paths);
- **foster employee commitment** by broadening career horizons with diversified missions and growth paths and by moving people up the ladder more quickly;
- **develop talent** by identifying open, innovative profiles and offering all employees appropriate training.

SUPPORT COMMUNITY DEVELOPMENT

Developing job catchment areas

Saint-Gobain is a multiregional organization serving local markets. As such, it invests in both fast-growing regions and mature countries. These investments contribute to job creation and local economic development.

In certain regions, the Group takes direct measures to develop its host job catchment areas. These include direct partnerships with small and medium-sized businesses, assistance for employees interested in starting their own companies, support for development networks and local employment offices and participation in regional programs.

The Saint-Gobain Initiatives International Corporate Foundation

As a business with leadership positions in its professions, Saint-Gobain considers that it has a responsibility to undertake solidarity actions in favor of its host communities. These initiatives are carried out at the corporate level, as well as locally by individual sites and Activities.

At the corporate level, the Saint-Gobain Initiatives International Corporate Foundation supports projects sponsored by current or retired Saint-Gobain employees in three areas aligned with the Group's strategic focus:

- youth integration through work in the housing sector;
- construction, refurbishment or renovation of social housing, for general interest purposes;
- energy efficiency and environmental protection in social housing;

By giving each employee the opportunity to participate in initiatives aimed at serving the public interest and providing assistance to the poor, the Foundation is helping to create a community of socially responsible men and women who share common values.

Local outreach initiatives

Group sites around the world interact with their immediate environment through a variety of community development initiatives. Examples include:

- in North America: the Saint-Gobain Corporation Foundation carries out projects in the United States and Canada;
- in India: the Saint-Gobain India Foundation is active in educational projects;
- in France: Fondation PAM and Fondation Placoplatre® are committed to professional integration of young people in their respective businesses.

Although these initiatives focus on the Group's reference markets, others cover more general areas such as education, research, culture or health.

(1) Our People in an Empowering Network

TAKE ACTION ACROSS THE VALUE CHAIN

Raising awareness among stakeholders

Awareness campaigns on sustainable development and habitat solutions are carried out internally, throughout the Group, as well as externally, among customers, partners, suppliers and the general public. Saint-Gobain also participates in forward-looking thinking about the buildings of tomorrow through its membership of professional associations interested in sustainable development, alongside other manufacturers and public partners.

Contributing to customers' performance

Saint-Gobain develops products and services for habitat and construction industry professionals, who process or integrate them to serve their own customers.

The Group continuously adjusts its range to meet the changing needs and expectations of these direct and indirect customers, thereby contributing to the overall performance of the entire value chain. This process is reflected in the introduction of new specifically designed solutions and in training programs to help users of Saint-Gobain products develop in promising markets.

Responsible purchasing

Saint-Gobain's responsible purchasing approach is designed to extend the Group's good business practices to partners all the way up and down the value chain.

The first challenge is compliance. This means ensuring that all players in the supply chain comply with local and international regulations, notably as concerns human rights, labor law, workplace health and safety and environmental protection.

In addition to addressing the critical need to comply with regulations, responsible purchasing helps create value for the Group by providing a clearer picture of purchasing-related impacts and potential risks. In this way, it delivers a real competitive advantage.

The Group's responsible purchasing approach is based on:

- securing the commitment of purchasing managers, notably through a Purchasing Charter and online training module dedicated to responsible purchasing;
- taking an effective approach with suppliers based on a Suppliers Charter, a supplier assessment program and social audits;
- implementing worldwide policies, for example the wood sourcing policy;
- focusing on communication and training, notably through the development of a dedicated platform accessible to both purchasing managers and suppliers.

Find out more

For further details on Saint-Gobain's CSR initiatives, along with environmental, social and societal data provided in compliance with Article R 225-102-1 of the French Commercial Code and the Decree of April 24, 2012 enacting France's Grenelle II Act, look for the Group's Corporate Social Responsibility Report on the corporate website (www.saint-gobain.com) in April 2014.

A summary table of this information is available in French at: http://www.saint-gobain.com/files/Tableau-synthese-Grenelle2.pdf

PROGRESS REPORT

Environment

Challenges	Action taken	Outlook and future initiatives
Optimized withdrawal and use of natural resources		
- Mineral resources (Silica, iron ore, gypsum)	• Design of lighter products	• Improvement of secondary raw materials recycling through the deployment of a new policy for managing process, construction and demolition waste
- Waste management	• New avenues for reuse of waste in new materials, in products or as energy • Deployment of initiatives to meet a target of zero non-recovered waste • Creation of channels to collect worksite and demolition waste generated by Group products	• Target of 6% reduction in landfill waste disposal by end-2013 at concerned sites, based on 2010 production output Finalization of 2013-2016 objectives • Ongoing deployment of worksite waste collection channels
- Wood	• Environmental policy applied to wood for the Building Distribution Sector • More than 85% of wood product purchases sourced from responsibly managed forests • Deployment of a framework policy at the Group level aligned with the Building Distribution Sector's wood policy	• Deployment of an action plan on wood in all Group companies, including those in the industrial Sectors • Updating of the CSR performance assessment questionnaire for suppliers, notably the sections on water and wood
- Water	• Closed-circuit operation extended to all facilities • Improved operating processes • Constant innovation for Pipe products • Implementation of a Water policy, a water risk assessment grid and a water risk management standard • Assessment of water risk at the main sites based on the water risk assessment grid deployed in 2012 and 2013	• Target of 6% reduction in water withdrawals by end-2013 at concerned sites, based on 2010 production output. Finalization of 2013-2016 objectives • Deployment of the water standard at all priority sites based on the level of water risk determined through the water risk assessment grid
Preserve energy resources and reduce CO_2 emission	• Development of a methodology for assessing the Group's direct and indirect GHG emissions • Assessment of French subsidiaries' GHG emissions using this methodology	• Development of an Energy Emissions Climate policy • Worldwide deployment of GHG assessments at the Group's main subsidiaries
- In our operating processes	• Research into furnace design for improved energy efficiency • Recycling of secondary raw materials • Selection of the most appropriate energy source • Combustion settings for glass furnaces	• Using 2010 emissions as a base, a target of 6% reduction in emissions at concerned sites by end-2013 • Finalization of 2013-2016 objectives
- With our products	• Construction industry: insulation products • Vehicles: automotive glass, lighter auto body parts, etc.	• Research and development of new products and solutions
- In our transport operations	• Distribution of a Suppliers' Charter • Initiatives within Building Distribution Sector companies to reduce CO_2 emissions from road transport (for example eco-driving and geomatics)	• Rollout to other Building Distribution Sector companies and then to the Group as a whole
- In our buildings	• Initialization of the CARE:4® program: definition of Factor 4 targets for office buildings • Twenty buildings certified to CARE:4® standards • Energy inventory of the Group's buildings • Development of tools to implement the program, including methodologies, communication media and decision support for prioritizing renovation projects	• Studies of the financial tools needed to carry out energy renovation projects • Development and deployment of CARE:4® action plans (renovation, etc.) in each Activity
Reduce atmospheric emission of NO_x, SO_2, dust, metals and other pollutants	• Pollution reduction at the source (primary measures) and through treatment of stack gas (secondary measures) • Selection of the most appropriate energy source • Combustion settings for glass furnaces • Ongoing installation of electrostatic precipitators in the Flat Glass Activity	• Gradual reduction of NOx emissions at the highest-emitting installations • Continued investment in electrostatic precipitators in the Flat Glass Activity
Protect the ozone layer	• Application of the Montreal Protocol to eliminate CFCs throughout the Group	• Inventory of HFCs in anticipation of the Protocol's application
Awareness - raising initiatives	• Founding member of dedicated industry associations and labels • Information and training for contractors and other professionals • Group-wide celebration of International Environment, Health and Safety Day	• Continuation of internal and external awareness-raising actions
Limit the environmental footprint of our products	• Incorporation of an EHS validation procedure in R&D projects • Shared methodology for assessing and communicating life-cycle assessments for all construction products • Systematic life-cycle assessments for all construction product lines • Implementation of an eco-design (Eco-Innovation) policy for construction products	• Research and development of new products • Life-cycle assessments for all construction product lines by end-2013. Finalization of 2013-2016 objectives • Deployment of an eco-design (Eco-Innovation) policy for construction products
Biodiversity	• Development and deployment of a pilot biodiversity project in the Gypsum Activity • Inventory of sites located in biodiversity priority areas for each Activity • Development of a method for assessing a site's priority interest for biodiversity	• Develop a biodiversity policy at the Group level
Prevent environmental incidents and accidents	• Development of a Group-wide standard for managing environmental incidents, with a methodology for detecting, recording and analyzing incidents to reduce the related risks and impacts	• Continued deployment of the environmental incident management standard • Development of a Group-wide standard for assessing environmental risks
Noise, smell and visual impacts	• Management of impacts caused by site traffic and production facilities	

Environmental actions are undertaken as part of a policy of continuous improvement. The aim is to extend ISO 14001 certification to over 90% of concerned sites during 2013.

Social and societal

Challenges	Action taken	Outlook and future initiatives
Health and Safety - Health policy	• Deployment of a framework health policy for Saint-Gobain	• Deployment of the new standard and new tool for analyzing health and safety risks
- Workplace safety	• Development of a new standard and new tool for analyzing health and safety risks • Intensified action to prevent serious and fatal accidents: continuation of the Serious Accident Plan • Continuous monitoring of accident incidence rates • Deployment of risk assessment and accident/incident analysis standards • Definition of safety standards for road risks, working at height, management of outside firms operating on company sites, work permits, commissioning/decommissioning procedures, machine and forklift safety, working in confined spaces, vehicle and pedestrian safety and warehousing and loading • Development of a standard on preventing risks related to the purchase and use of cell phones or smartphones • End of rollout and continued application of the Safety MAnagement Tool (SMAT) system • Deployment of the Environment, Safety and Risk Prevention audit in the Building Distribution Sector • Stronger safety standard requirements for working on roofs	• Closer cooperation on safety issues with employee representatives through the European Social Dialogue process • 2013 targets: total recordable accident rate (TRAR) of less than 4.1 for Building Distribution, of less than 4.8 for the industry and of less than 2.6 for the Group. This indicator concerns employees and temporary staff • Launch of a new safety standard for electrical risks in 2014 and updating of the standard on forklifts • Updating of EHS audit system for manufacturing sites • Enhanced tracking of temporary staff and subcontractors • Dissemination of critical EHS standards: best practices for welcoming and integrating new employees • Extension of programs to develop a safety culture
- Ergonomics	• Deployment of a method for identifying risks related to handling, lifting and workstation posture • Distribution of a training kit on the Posture Lifting Movement (PLM) method recommended by Saint-Gobain	• Implementation of a program to reduce risks associated with musculoskeletal disorders (MSDs), in liaison with the Delegations
- Noise	• Updating of the noise standard and its implementation tool	• Action plan to reduce noise exposure at the concerned sites • Measures to make noise indicator reporting more reliable and deployment of a new noise standard (NOS)
- Toxic agents	• REACH Directive: creation of a dedicated network, registration of substances concerned by the 2013 deadline and preparation for the 2018 deadline, distribution of information to our suppliers on how we use chemicals and our compliance with exposure scenarios in the new Safety Data Sheets, compliance with rules concerning substances included in the Candidate List of Substances of Very High Concern (SVHC) and prioritized substances • Updating of the REACH clause in all purchasing contracts and of Groupwide communication on REACH • CLP Regulation: notification of substances to be included in the classification inventory, where necessary, and updating of our Safety Data Sheets to bring them into compliance • Updating of the EHS checklist for integrating EHS risk criteria in R&D project management and training for project managers and researchers • Updating of the Toxic Agents Standard (TAS) and application guidelines	• REACH Directive: REACH compliance monitoring, registration of substances for the 2018 deadline, deployment of action plans for prioritized substances for authorization, updating of Safety Data Sheets (with exposure scenarios, if appropriate) to ensure their compliance • Integration of REACH compliance in our internal processes (for example, training for purchasing agents) • CLP Regulation: updating to bring our Safety Data Sheets into compliance • Initial deployment of the new EHS checklist in the Group's R&D centers, supported by appropriate training and tracking within the Group; use of the checklist in R&D projects • Updating of the Toxic Agents Standard (TAS) and application guides, in particular taking into account substances on the REACH candidate list of Substances of Very High Concern (SVHC) that are not carcinogenic, mutagenic or reprotoxic • Tracking of tool deployment indicators at the Group's manufacturing sites • Use of the tool to track compliance with local regulations and implementation of the Group's industrial hygiene policy

Challenges	Action taken	Outlook and future initiatives
Anticipate needs and promote personal development - Hiring	• Increased visibility both internally and externally of the Group's career opportunities website, with video clips on the Group's businesses around the world and partnership with JobTeaser in France • Broader presence on general and professional social networks including Facebook, LinkedIn and Viadeo in France • Enhanced relations with schools and universities at the company and country organization level; student contests (Isover's Multi-Comfort contest in Europe, Imagine the City of Tomorrow competition in France), relations with schools and forums (Campus Manager program in France, exhibit for nearly 17,000 students and recent graduates in Brazil), Global Player graduate program in Brazil, Germany and the Nordic Countries	• Continuation of internal and external communication plan on the Saint-Gobain employer brand in all General Delegations; content for the Group's career opportunities website and social networks, new promotional films on career paths at Saint-Gobain, program to obtain Top Employer labels in each host country and for Europe as a whole • Stepped-up initiatives targeted to students and recent graduates; renewed program of Meet the Group days for interns and work/study participants in France, project to integrate high-potential university graduates in the Italy, Greece and Turkey Delegation
- Managerial culture	• Presentation of the OPEN program in all geographic regions at all HR seminars and all Management School courses • Organization of encounters for managers to discuss Group strategy and territorial synergies at different levels in numerous Delegations: - "Carrefours des Cadres" in the United States, United Kingdom and France - Regional managers' network in France - HR Conference and Marketing Forum in the United Kingdom, Republic of Ireland and South Africa Delegation • Creation of an e-learning course on Gender Diversity Awareness and distribution to HR departments in all the Delegations; distribution among HR Club in France, translation into Czech and Hungarian by the Central Europe Delegation	• Continued presentation of the OPEN program in HR seminars, at the Management School and during "Meet the Group" courses • Organization of encounters for managers in all the Delegations: - Joint encounters for HR Clubs and regional managers' networks in France - Worldwide Human Resources convention for 180 HR Directors - Renewal of "Carrefours des Cadres" meetings • Distribution of the e-learning course on Gender Diversity Awareness to local managers; e-learning now mandatory for managers in the North America Delegation, course actively distributed in France and Central Europe
- Training	• Launch of the new Boost! e-learning platform with a broader, more accessible offering • Deployment of HR Academy, a set of courses for the Group's HR professionals; creation and distribution of the first e-learning modules and classroom courses • Implementation of development paths for young talents (Young Talents program in the Czech Republic) and high-potential managers (North America and Nordic and Baltic Countries Delegations)	• Creation of e-learning modules in Boost! for external stakeholders, including customers, suppliers and commercial partners • Continued rollout of the HR Academy and 18 Management School programs and adaptation to the specific features of each host country • Widespread increase in training courses for managers and talent in all the Delegations: local manager training in France, working group on habitat solutions for participants in the Young Talents program in the Czech Republic
Career management	• Development of a new internal job site called OpenJob; deployment in North America, integration of new functionalities and translation into other languages • Execution of a plan to carry out numerous People Reviews each year to stimulate careers and create mobility opportunities in all the Delegations • Management of mobility committees in different Delegations and at different levels: four mobility committees for managers and non-managers meet several times each year in France; introduction of a Mobility Forum for the United Kingdom, Republic of Ireland and South Africa Delegation	• Continued development of OpenJob in Asia-Pacific and Building Distribution in France • Continued measures to enhance the professional capabilities of the Human Resources function through the HR Academy, to ensure more effective career monitoring and talent management • Management and launch of new mentoring and coaching programs in several Delegations: launch in the Asia-Pacific Delegation, extension of mentoring to male employees in France (program initially developed as part of Women In Network)
Employee motivation	• More than 30,000 employees belong to the Group Savings Plan deployed in 25 countries • Deployment of employee satisfaction surveys in numerous Activities and Delegations, with a 72% participation rate for the first manager satisfaction survey in France and a 96% participation rate of the satisfaction survey conducted in India • Projects on workplace flexibility in certain countries; signature of a telecommuting agreement in France (Lapeyre and Placoplatre), launch of a Smart Working project at Glassolutions in the United Kingdom	• New employee share issue under the Group Savings Plan with the same preferential terms for acquiring shares (20% discount) • Implementation of action plans following satisfaction surveys: working group on leadership, employee commitment and recognition in the Czech Republic Poland, United Kingdom and India • Continuation of projects on workplace flexibility • In France, deployment of "Bilan Social Individuel" remuneration summaries
High quality social dialogue	• Organization of the annual European Social Dialogue Convention during which 70 elected representatives from 27 host countries meet with several members of Group senior management • Training courses for employee representatives at several levels: - Eight-month training session for ten Verallia France representatives at L'Institut d'Etudes Politiques in Paris - Training for the 55 members of the Group Works Council - Training for the nine representatives of the European select committee on the European Works Council's operations and European social dialogue • Program to familiarize local managers and HR managers with the importance of daily social dialogue in numerous General Delegations	• Renewal of the European Social Dialogue Convention and training for the select committee in a different General Delegation • Continued training for employee representatives at different levels and extension of existing programs • Appointment of two employees to serve on the Compagnie de Saint-Gobain Board of Directors • Allocation of special resources to the Group Works Council to conduct in-depth economic studies in partnership with its expert • Deployment of an e-learning module on Social Dialogue within the framework of the HR Academy

Challenges	Action taken	Outlook and future initiatives
Diversity	• Management of numerous women's networks and mentoring programs by country: introduction of the Women In Network in Japan, Saint-Gobain Women's Network in the United States and Career Without Boundaries in the United Kingdom and Republic of Ireland • Creation of an e-learning program entitled Gender Diversity Awareness in several languages to raise awareness of the challenges of gender diversity • Specific initiatives concerning other types of diversity in numerous Delegations: - Signature of a Diversity Charter for the Saint-Gobain Group in Poland - Celebration of 40th anniversary of the sheltered employment program hosted by the PAM plant in France - Training sessions conducted by senior employees as part of WCM projects in the Czech Republic	• Continued deployment of women's networks and mentoring programs in numerous Delegations • Adaptation of the Gender Diversity Awareness e-learning program to specific local features and broader distribution to managers in all skill-sets • Extension towards other types of diversity: launch of an integration program geared towards construction industry jobs in France, integration of employees from different regions and different socio-professional categories in India, deployment of inter-generational contract agreements and action plans in France
Participation in local community life	• Saint-Gobain Initiatives Foundation: acceptance of 42 new projects, signature of 26 sponsorship agreements, allocation of €1.1 million to current projects • Development of the Foundation Ambassadors network with nearly 400 members worldwide at end-2013 • Signature in France of a general partnership agreement with the Ministry of Urban Affairs • Continued involvement in the "100 opportunities – 100 jobs" program • Development of technical expertise sharing days with local businesses in France	• Stepped-up involvement of operating units in projects supported by the Saint-Gobain Initiatives Foundation (product donations, technical expertise, volunteer work, etc.) • Continued participation in the "100 opportunities, 100 jobs" campaign • Introduction of a program to help individuals obtain jobs in the building industry, with general and technical training leading to certification • Execution of local community outreach initiatives in the United States, India and other countries

Business practices

Challenges	Action taken	Outlook and future initiatives
Responsible purchasing	• Program to carry out a CSR risk study by major purchasing category and by type of supplier • Inclusion of CSR criteria in the supplier selection policy • Creation of a web tool for signing the Suppliers Charter • Updating of the responsible purchasing section of the Internal Control manual	• Development of an interface integrating CSR performance in the tool used to issue requests for proposals • Purchases from the supported employment sector: rollout of training for purchasing agents and shift in purchasing policies • Updating of the Adhere online training module to include responsible purchasing • Launch of a pilot program to reduce the risk of exposure to hazardous substances within the framework of local technical purchases
Responsible development	• Ongoing training at the Management School • Deployment of a train-the-trainer module on the Principles of Conduct and Action	• Ongoing training at the Management School • Continued deployment of a train-the-trainer module on the Principles of Conduct and Action • Development of a new version of the Adhere online training module
Compliance program	• Competition Law plan: ongoing adaptation of the training modules (adjustment of translations and alignment with changing legislation and practices); continuation of classroom and online training; continuation of audits • Compliance alerts system: complete deployment • Program to achieve compliance with economic sanctions and embargos: internal procedures and training • Prevention of corruption: internal procedures and control; training	• Competition Law plan: continued deployment in line with previous years • Anti-corruption prevention: deployment of a Group compliance program involving adequate procedures, an assessment of risk exposure, online training and the organization of specific seminars

KEY INDICATORS

Indicators presented in this section and the method used to collect and consolidate the underlying data are described in the Sustainable Development Report published by the Saint-Gobain Group.

Social

Indicator	2013	2012
Number of millionaire sites (sites that have over one million incident-free hours of work and/or more than five years' work without any lost-time incidents)	209	188
Lost-time accident rate (LTAR) (more than 24 hours' lost time) – Group (including temporary staff)*	2.3	2.9
Severity rate – Group (including temporary staff)	0.14	0.18
Lost-time accident rate (LTAR) (more than 24 hours' lost time) - Building Distribution Sector (including temporary staff)*	3.3	4.3
Total recordable accident rate (TRAR) - industrial Sectors (including temporary staff)*	4.3	5.3
Number of workplace fatalities - Saint-Gobain employees	2	6
Number of Health & Safety-certified sites (OHSAS 18001 – ILO-OSH 2000) - comparable scope*	376	340
Total headcount	187,071	192,781
Total payroll	€8,218m	€8,431m

** Adjusted for 2013 scope of reporting.*

Environment

Indicator	2013	2012
Number of quality-certified sites - comparable scope*	718	698
Percentage of concerned sites that are environmentally certified (ISO 14001 / EMAS)*	81.9%	75.3%
Number of Seveso-classified sites	5	5
Total environmental expenditure*	€123.9m	€144.0m
Salaries and other payroll expenses for environmental officers*	€24.4m	€26.6m
ISO 14001 and EMAS environmental certification and renewal costs	€2.5m	€2.4m
Environmental taxes*	€7.6m	€5.2m
Insurance and warranties*	€3.1m	€5.3m
Environmental fines	€0.2m	€0.1m
Cost of environmental incidents	€0.6m	€1.1m
Cost of technical measures*	€7.8m	€5.9m
Environmental R&D budget	€69.8m	€90.2m
Soil decontamination, site remediation and other clean-up costs	€8.0m	€7.2m
Capital expenditure on environmental protection measures*	€51.7m	€60.8m
Provisions for environmental risks	€159.8m	€151m

** Adjusted for 2013 scope of reporting.*

A comprehensive 2013 corporate social responsibility report, based on Global Reporting Initiative (GRI) indicators, is available for download at **www.saint-gobain.com**. The report may also be obtained in paper format from Saint-Gobain's Corporate Communications Department.

2013 MANAGEMENT REPORT

A MIXED **YEAR**

ECONOMIC ENVIRONMENT

The global economy started to timidly recover in 2013. However, the turnaround risked being undermined by the many weaknesses and imbalances in several major economies, including well beyond the euro zone.

First-half indicators were still fairly poor - international trade remained sluggish, consumer spending was flat and corporate capital expenditure was down on the year earlier period – but they nevertheless showed that the downtrend had bottomed out at the start of the year.

The gradual revival continued in the second half, with encouraging signals coming from the United States, Japan and also Western Europe. The only dampener came from the emerging economies, where structural and political weaknesses aroused market concerns and led to growth projections being downgraded.

During the year, the euro zone economy stabilized, paving the way for a gradual recovery in activity. Exports recovered, offsetting the lack of growth in corporate capital expenditure and consumer spending. The most fragile euro zone economies stabilized, although their structural weaknesses (in particular budget deficit management) were not fully resolved, leaving them exposed to the risk of a setback. At the same time, the introduction of tighter lending standards acted as a brake on corporate capital spending and may damage the region's longer term growth potential.

Germany's economic revival was confirmed, although growth remained moderate. Private consumption acted as the main growth driver, supported by higher wages, while exports made only a limited contribution, due mainly to persistently difficult economic conditions in the rest of the euro zone and soft growth in emerging economies.

In France, the rebound in economic activity observed in the second quarter proved to be short-lived and 2013 finally turned out to be a year of relative economic stagnation. After falling for the first time in 2012, consumer spending increased slightly in 2013. Corporate capital spending continued to fall, although a certain improvement was observed at the end of the year.

Spain experienced a timid return to growth. For the first time since April 2011, the Purchasing Managers' Index (PMI) rose to above 50 in June 2013. Exports continued to support the economy, helped notably by the effects of the internal devaluation of the Spanish economy. Added to this, from mid-2013, investment in capital goods also started to rise. However, private consumption and public spending continued to be severely affected by on-going fiscal restraint and the worsening jobs market.

Italy remained in recession during 2013, despite a relative improvement over the course of the year. The main factors holding back the economy were household consumption – which was crippled by high unemployment, a drop in real wages and an increased tax burden (with further austerity measures and a probable increase in VAT to come) – and corporate capital spending.

The United Kingdom fared relatively better than most other European economies in 2013, despite lower corporate capital spending, reflecting the positive results from government policies to support the economy, such as construction and lending incentives, as well as the knock-on effect of the economic revival in the United States. At the same time, consumer spending was sustained by a fairly healthy job market and, to a lesser extent, by higher average wages.

In the United States, the political instability caused by attempts to lower the debt ceiling, leading to a fiscal cliff and government shutdown, threatened to curtail the promising growth momentum generated by companies looking to invest their substantial cash reserves and by productivity gains (fuelled by low energy costs, lower average salaries and the weak dollar), as well as by a strong recovery in consumer spending. The climate of uncertainty and lack of even short-term political visibility gradually dampened corporate capital expenditure and consumer spending during the year, and although the housing market was sharply up on the previous year, growth was nevertheless held back by higher interest rates. In the absence of a credible debt reduction policy, the American economy is likely to continue growing at a rate of around 2%, falling far short of its potential.

In Japan, the new economic policy combining fiscal stimulus, monetary easing and structural reforms introduced at the end of 2012 by new Prime Minister Shinzo Abe (Abenomics) started to pay off in 2013. Industrial output increased and consumer spending also rose, probably driven in part by purchases made ahead of the consumption tax increase announced for the start of 2014. However, there are continuing concerns about the potential of these policies to finally bring deflation to an end and support a protracted depreciation of the yen.

2013 was more difficult than expected for emerging economies where structural weaknesses (especially current account and budget deficits, as well as creeping inflation) were heavily sanctioned by the markets throughout the year.

In fast-growing Asian economies, China experienced first hand the effects of rapid economic growth on its financial stability and budget deficits. While growth rates slowed to below pre-crisis levels, the Chinese authorities ensured a soft landing, mainly by increasing public spending. However, the sharp rise in mortgage lending and escalating property prices (especially in secondary cities) exposed the country to a speculative risk.

India was the most heavily buffeted emerging economy in 2013. There were three main reasons for the sudden economic slowdown observed during the year: barely controlled inflation, due notably to the sharp depreciation of the rupee, which hit a historic low during the summer; a large trade deficit, with the Indian economy still relatively closed compared to other emerging economies, although the weak rupee should stimulate exports; and a deep budget deficit that leaves the government little room for manoeuvre to support growth. The major long-term reforms that the Indian economy desperately needs are not expected until after the parliamentary elections in May 2014.

Latin American growth also slowed in 2013 due to continued depressed external demand and structural difficulties that weakened the region's major economies. In Brazil, the economic model based on government-supported growth in private consumption ran out of steam during the year, and corporate capital spending failed to successfully take over. Brazilian exports, which are not very competitive and consist mainly of primary goods, contributed to the worsening trade balance. Argentina was hit hard by the slowdown in Brazil, its leading trading partner, as well as by continuing high inflation, which weakened Argentinian exports. Mexico was impacted by still limited American demand, especially as the Mexican economy is increasingly competing with other emerging countries.

Eastern Europe gradually freed itself from the pressure caused by a steep drop in exports to Western Europe and started to recover, led by Poland and the Baltic states. However, the most open economies in the region, most of which trade primarily with the euro zone, are still experiencing difficulties. While Hungary just managed to steer clear of recession, the Czech Republic continued to experience negative growth.

Like the other BRIC economies, Russia experienced subdued growth in 2013. Private consumption held up, but corporate capital spending slowed considerably due to the tighter credit market and worsening business climate.

HABITAT AND CONSTRUCTION MARKETS

In 2013, the residential construction and renovation sectors continued to struggle in mature markets (except for the United States where the sector staged a recovery) and performed disappointingly in fast-growing markets.

In the United States, demand rebounded as the housing glut was absorbed, helped by a strong recovery in consumer confidence and improvement in the job market, leading to a sharp rise in housing starts.

In Japan, reconstruction work continued to support the residential construction market in 2013, while spending ahead of the consumption tax increase announced for 2014 also helped to drive market growth.

In fast-growing markets, the residential construction market continued to grow rapidly in China, driven in part by government programs. In addition, the increasing availability of credit fostered growth in private investment, because the Chinese government does not allow households to invest in much else. As a result real estate prices increased sharply and the risk of a speculative crash remains, although the authorities are very attentive to market development.

In Brazil, the residential construction market had been supported for some time by government programs to resolve acute housing shortages in some regions of the country. In 2013, public spending cuts meant that growth in the number of housing starts slowed slightly over the year.

In Europe, although the homebuilding market continued to decline in 2013, the rate slowed again compared with the previous year, offering hope of a recovery for the sector in 2014.

In Germany, extremely low interest rates, a clear improvement in the job market and housing shortages in some areas stimulated growth in the homebuilding sector. However, the home renovation market stayed on a downward trend.

In France, housing starts appeared to have hit rock bottom in last year's lethargic economic environment. The property market was hampered by different economic factors affecting demand such as high unemployment, very tight credit conditions and falling prices. With the economy expected to stabilize in 2014, the homebuilding market should gradually see an upturn. The home renovation market contracted slightly in 2013, and looks set to remain sluggish in 2014 with the increase in the VAT rate on home improvements from 7% to 10% on January 1, 2014 (except for upgrades to improve thermal insulation for which the rate will be reduced to 5.5%).

In Spain, structural weaknesses in the market (minimum demand, financial problems, foreclosures) are very slowly being resolved and the economic environment remains gloomy. As a result, the homebuilding market contracted for the sixth year in a row, and the renovation market was also down significantly.

In the United Kingdom, the housing and homebuilding markets were supported by new government measures, including the Help to Buy program, leading to a sharp rise in property prices. The renovation market experienced modest growth during the year, as disposable household incomes remained under pressure.

2013 was a year of adjustment for the housing market in Scandinavian countries, with the number of housing starts stabilizing. Property prices began to ease in the fourth quarter in Norway, after a very long period of growth, and prices in Sweden followed the same trend.

Eastern European economies continued to be undermined by the impact of the euro zone crisis. As a result, in the face of weak demand, housing starts again contracted overall, due notably to falls in Poland and Russia (which account for 75% of Eastern Europe's homebuilding market in value).

The non-residential construction sector was particularly vulnerable in mature markets, due to weak corporate and public sector capital spending in a persistently lackluster economic environment, while most fast-growing markets experienced accelerated growth. In Eastern Europe the sector picked up, led mainly by Russia and Romania, while Latin America saw faster growth, due to spending linked to major sporting events in Brazil in particular. Lastly, fast-growing Asian markets kept up their momentum, helped by stronger demand in the office building segment.

OPERATING PERFORMANCE

After a tough first half penalized by fewer working days and poor weather conditions, the Group reported organic growth of 2.6% for the six months to December 31, 2013, with volumes up 1.5% and prices gaining 1.1%, as third-quarter trends continued in the last three months of the year.

Sales stabilized over the year as a whole, down 0.3% on a like-for-like basis with a solid 1.0% increase in sales prices despite a less inflationary environment. On a reported basis, sales retreated 2.7% due to the negative 2.7% currency impact. Changes in Group structure had a slightly positive (+0.3%) impact.

All of the Group's Business Sectors and Activities reported an improvement in second-half trading, driven by more upbeat trends in their Western European markets (0.9% organic growth), as well as in Asia and emerging countries (10.4% organic growth). The upturn in North America remained limited due to the decline in businesses linked to capital spending and to volatility in Exterior Products.

Despite the decline in sales, the Group's operating margin in 2013 held firm at 6.6% and rose to 7.1% in the second half.

The Group's focus on its action plan priorities continues to pay off:

- an increase in sales prices in line with objectives;
- additional cost savings of €600 million in 2013 compared to 2012, particularly in Flat Glass, which saw its margin improve to 4.0% versus 2.0% in second-half 2012;
- a €400 million reduction in capex thanks to optimized timing of expenditures and to unit cost savings, while maintaining a strong focus on growth capex outside Western Europe;
- a selective acquisitions and divestments policy;
- a stronger balance sheet, with net debt down almost €1 billion thanks to an ongoing tight rein on cash.

PERFORMANCE OF GROUP BUSINESS SECTORS

Innovative Materials sales were down just 0.7% in the year on a like-for-like basis, thanks to 1.5% growth in the second half. The operating margin was 7.3%, and came in at 7.8% in the second half compared to 6.9% in second-half 2012 and 6.7% in first-half 2013, spurred by upbeat trends in Flat Glass.

- Like-for-like, Flat Glass sales moved up 0.8%, with a +2.8% increase in the second half. In the six months to December 31, construction markets remained fragile in Western Europe (with prices for commodity products – float glass – stabilizing), but proved bullish in Asia and emerging countries. Automotive glass sales confirmed a double-digit rise over the year in Asia and emerging countries and stabilized over the second half in Western Europe.

  Buoyed by increased cost-cutting efforts, the operating margin reached 2.8% of sales in 2013, coming in at 4.0% in the second half and 1.5% in the first.
- High-Performance Materials (HPM) like-for-like sales retreated 2.6%, reflecting the downturn in businesses linked to capital spending (Ceramics). The other HPM businesses (Abrasives, Plastics, Textile Solutions) delivered organic growth on the back of a trading upswing in the second half and a good performance in Asia and emerging countries.

  The operating margin came out at a solid 12.7% despite a sharp drop in Ceramics, thanks to stability or to improvements in other HPM businesses. Compared to the two previous six-month periods, the operating margin stabilized.

Like-for-like sales for the Construction Products (CP) Sector climbed 1.9%, with a rebound of 5.6% in the second half. The operating margin widened to 8.7% from 8.3% in 2012.

- Interior Solutions delivered 3.4% organic growth. The United States saw volumes accelerate in the second half and maintained a significant price increase. Growth in Asia and emerging countries remained brisk over the year as a whole, while Western Europe was almost flat after a very tough start to the year.

  The operating margin stabilized at 8.1%, coming in at 8.6% for the second half, up sharply on the two previous six-month periods (7.6% in first-half 2013 and 7.9% in second-half 2012).
- Exterior Solutions reported 0.5% organic growth, with trading down 4.1% in the first half but up 5.4% in the six months to December 31, fuelled by a rebound in all of its businesses. Exterior Products in the United States stabilized in the second half, after having been hit in the first six months of the year by temporary destocking by distributors. As expected, Pipe reported double-digit organic growth in the second half, powered by the recovery in the Export business. Industrial Mortars delivered further good growth in Asia and emerging countries and stabilized in Western Europe in the second half. Sales prices held firm for all Exterior Solutions businesses in 2013 in a context of decreasing raw material prices.

  The operating margin rose to 9.1% of sales from 8.3% of sales in 2012, supported by a positive raw material and energy price-cost spread and by an upturn in Pipe volumes.

After particularly poor weather conditions took their toll on its first-half performance, Building Distribution was down 1.4% on a like-for-like basis, despite recovering 1.7% in the second half, reflecting improved trading in all regions.

The United Kingdom delivered solid growth over the year as a whole, following a sharp upturn as from April. Trading stabilized in Germany and Nordic countries as growth returned in the second half. In France, the business remained sluggish but continued to prove resilient thanks to market share gains. Southern Europe was still negative but stabilized in the second half. Shrinking markets continued to penalize the Netherlands and Eastern Europe, while outside Europe, Brazil reported further robust growth and the United States improved slightly in the second half.

In line with expectations, the Business Sector's operating income improved, up to €423 million in second-half 2013 from €391 million in second-half 2012 and €215 million in the six months to June 30, 2013. The operating margin thus rebounded to 4.4% in the second half from 4.0% in second-half 2012, and came out at 3.4% for 2013 as a whole.

The Business Sector continued to consolidate its leadership positions and remained focused on its selective divestments plan (Argentina, Belgium and Eastern Europe).

Packaging (Verallia) sales shrank by 1.8% on a like-for-like basis, despite a 1.9% rise in sales prices. Strong momentum in Latin America failed to offset the slowdown in trading in other regions (mainly Southern Europe and to a lesser extent, the United States).

Operating income includes €65 million as a result of applying IFRS 5 (assets and liabilities held for sale) to Verallia North America (VNA) as of January 1, 2013, since depreciation of VNA's fixed assets is no longer charged to operating income. Adjusted for this one-off item, the operating margin was in line with the previous year, at 11.0%, thereby confirming the resilience of this business.

Regarding the planned divestment of VNA, negotiations between Ardagh and the Federal Trade Commission (FTC) continue and the Group remains confident that the sale will be finalized before the new deadline, set at April 30, 2014.

ANALYSIS BY GEOGRAPHIC AREA

Over the year as a whole and particularly in the second half, the Group's organic growth was powered by Asia and emerging countries. Profitability improved in this region, was up slightly in North America, but came under renewed pressure in Western Europe.

- France posted negative 3.8% organic growth, although the pace of decline slowed in the second half to a negative 1.2%. Thanks to its exposure to renovation, the Group outperformed its markets in a challenging macroeconomic environment.

  Despite a further drop in volumes, the operating margin proved resilient at 5.0%.
- Other Western European countries reported a 1.2% fall in like-for-like sales for the year as a whole, but a rebound in the second half, with sales gaining 2.3%. This upturn reflects improved market conditions, especially in the UK, Germany, and to a lesser extent in Scandinavia. Trading in Southern Europe and Benelux improved, though continued to contract.

  The operating margin narrowed to 4.2%, affected by a poor first-half performance at 3.1%. The operating margin increased sharply in the second half, coming in at 5.3% compared to 4.6% in second-half 2012.
- North America stabilized, posting negative organic growth of 0.3%. Despite double-digit growth in Interior Solutions reflecting the upbeat trends in construction markets and sales prices, the region was affected by a downturn in other businesses: Exterior Products declined due to lower weather-related demand and destocking, as did Ceramics, on the back of a slowdown in capital spending.

  Excluding the positive one-off impact of VNA, the operating margin improved to 11.6% from 11.0% in 2012.
- In Asia and emerging countries, organic growth accelerated in the second half, at 10.4%, and came in at 7.2% for the year as a whole. Latin America outperformed its underlying markets, up 12.0%. Eastern Europe and Asia reported a significant improvement in the second half, led by Poland, the Czech Republic, China and India, and posted 4.1% and 2.9% organic growth, respectively, for the year as a whole. Trading in Russia remained extremely bullish.

  The operating margin increased to 8.0% of sales versus 6.8% of sales one year earlier.

CONSOLIDATED RESULTS

The comments below were drawn up based on restated 2012 figures.

Consolidated sales were down 2.7%. The currency impact was a negative 2.7%, resulting primarily from the fall against the euro of the currencies of the main emerging markets where the Group operates (particularly Latin America) and of the US dollar and pound sterling. Changes in Group structure had a slightly positive 0.3% impact, chiefly reflecting the integration of Brossette in April 2012 and of Celotex in September 2012, as well as the sale of the PVC Pipe & Foundations business in May 2013 and of certain non-core businesses within Building Distribution. Like-for-like (comparable Group structure and exchange rates), sales were down 0.3%, with the 1.0% rise in sales prices virtually offsetting the 1.3% downturn in volumes.

Operating income fell 3.5%, squeezed by the negative currency impact and by tough trading in the first half, but rebounded in the six months to December 31, up 9.9%.

The operating margin remained stable at 6.6% of sales thanks to cost cutting measures and to the second-half improvement up to 7.1%. Excluding Building Distribution, the operating margin for the year climbed from 8.5% to 8.8%.

EBITDA (operating income + operating depreciation and amortization) was down 5.1%. The consolidated EBITDA margin came out at 10.0% of sales.

Non-operating costs totaled €492 million due to the restructuring program, especially in Flat Glass. As in 2012, non-operating costs include a €90 million accrual to the provision for asbestos-related litigation involving CertainTeed in the United States.

The net balance of capital gains and losses on disposals, asset write-downs and corporate acquisition fees was a negative €381 million versus a negative €390 million in 2012. This line includes €99 million in capital gains on disposals of assets relating mainly to the PVC Pipe & Foundations business, and €476 million in asset write-downs. Most of these write-downs relate to the restructuring measures and site closures implemented in the period, especially in Flat Glass (for €143 million), and to the impairment of part of Lapeyre goodwill in the Building Distribution Sector (for €211 million). Business income was down 3.8%.

Net financial expense fell slightly to €795 million from €812 million in 2012, as the cost of gross debt decreased, to 4.4% at December 31, 2013 from 4.7% at end-2012.

Income tax expense on recurring net income came out at 32% versus 34% in 2012. Income tax rose from €443 million to €476 million, reflecting mainly the reduction in tangible asset write-downs.

Recurring net income (excluding capital gains and losses, asset write-downs and material non-recurring provisions) retreated 2.5% to €1,027 million.

Net income shed 14.1% at €595 million.

Capital expenditure was slashed by 23.6% to €1,354 million from €1,773 million in 2012, and represents 3.2% of sales, versus 4.1% of sales one year earlier.

Cash flow from operations came in at €2,537 million, down 6.7% from €2,718 million in 2012. Before the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions, cash flow from operations fell 3.2% to €2,511 million.

Due to the reduction in capital expenditure:

- free cash flow (cash flow from operations less capital expenditure) was up 25.2% to €1,183 million. Before the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions, it jumped 40.8% to €1,157 million, at 2.8% of sales (1.9% of sales in 2012);
- the difference between EBITDA and capital expenditure increased to €2,835 million, up 7.4% on 2012 (€2,640 million), representing 6.7% of sales (6.1% of sales in 2012).

Operating working capital requirements (WCR) continued to improve in value terms (down €97 million to €3,417 million) and remained stable in terms of number of days' sales, at a record low of 29 days. This testifies to the Group's constant efforts to maintain a tight rein on cash.

Investments in securities totaled just €100 million (€354 million in 2012), and focused on the Group's key growth drivers.

Net debt was down 11.4% year-on-year to €7.5 billion, driven chiefly by the sharp decrease in capital expenditure and financial investments over the past 12 months.

Net debt represented 42% of consolidated equity, compared to 47% at December 31, 2012.

The net debt to EBITDA ratio fell to 1.80 from 1.92 at December 31, 2012.

Update on asbestos claims in the United States

Some 4,500 claims were filed against CertainTeed in 2013, slightly more than in 2012 (4,000). At the same time, 4,500 claims were settled (versus 9,000 in 2012). As a result, the total number of outstanding claims at December 31, 2013 was 43,000, stable compared with end- 2012.

A total of USD 88 million in indemnity payments were made in the 12 months to December 31, 2013, a rise on the USD 67 million paid out in 2012 due to certain settlements relating to 2012 that were postponed to 2013. In light of these trends and of the €90 million provision accrual in 2013, the total provision for CertainTeed's asbestos-related claims amounts to USD 561 million at December 31, 2013 compared to USD 550 million at December 31, 2012.

2013-2018 strategy

The Group will continue to roll out its strategy, focusing on the three main goals defined at its Investor Meeting on November 27, 2013:

- improving the Group's growth potential by focusing more sharply on high value-added, asset-light activities; expanding its presence in emerging countries; and further strengthening its business portfolio, particularly through the disposal of Verallia;
- creating a stronger presence in differentiated products and solutions, with R&D efforts focused on local projects co-developed with its customers and on the fast-growing markets of sustainable habitat and industrial applications. Marketing initiatives will also be stepped up, with an ambitious digital strategy and the development of ever stronger brands;
- continuing to work towards management's priorities of achieving operational excellence, with an additional cost savings plan of €800 million over 2014-2015; further progress in Corporate Social Responsibility; attractive returns for shareholders; and a persistently solid financial structure.

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS

Capital expenditure (excluding finance leases)

(In € millions)	2013	2012	2011
By Sector and Activity			
Innovative Materials	412	695	880
- Flat Glass	234	459	682
- High-Performance Materials	178	236	198
Construction Products	433	535	553
- Interior Solutions	246	339	330
- Exterior Solutions	187	196	223
Building Distribution	205	233	210
Packaging	270	282	267
Other	34	28	26
GROUP TOTAL	**1,354**	**1,773**	**1,936**
By geographic area			
France	252	300	313
Other Western European countries	373	435	547
North America	245	314	295
Fast-growing markets and Asia	484	724	781
GROUP TOTAL	**1,354**	**1,773**	**1,936**

Financial investments

(In € millions)	Investment	Estimated full-year net sales
2013 Acquisitions		
Innovative Materials - Flat Glass	25	NA*
Innovative Materials – High-Performance Materials	49	40
Construction Products	8	2
Building Distribution	11	33
Packaging	7	NA*
Holding companies	0	
TOTAL ACQUISITIONS	**100**	**75**
of which in fast-growing markets and Asia-Pacific	*48*	

*In start-up phase.

(In € millions)	Investment	Estimated full-year net sales
2012 Acquisitions		
Innovative Materials - Flat Glass	82	NA*
Innovative Materials – High-Performance Materials	18	7
Construction Products	54	143
Building Distribution	200	775
Packaging	0	
Holding companies	0	
TOTAL ACQUISITIONS	**354**	**925**
of which in fast-growing markets and Asia-Pacific	*39*	

*In start-up phase.

DIVIDENDS

Year	Number of shares with dividend rights	Net dividend per share *(in €)*	Adjusted yield based on year-end share price
2011	521,209,840 shares [(a)]	1.24	4.18%
2012	527,472,147 shares [(b)]	1.24	3.8%
2013	552,054,295 shares [(c)]	1.24	3.1%

Dividends not claimed within five years are time-barred and are paid over to the state.

(a) Based on 535,563,723 shares outstanding (capital stock at December 31, 2011) less 9,540,000 shares cancelled on May 31, 2012 and 4,813,883 treasury shares held on the dividend payment date.

(b) Based on 531,125,642 shares outstanding (capital stock at December 31, 2012) less 3,653,495 treasury shares held on the dividend payment date.

(c) Estimated at January 31, 2014, based on 555,176,790 shares (capital stock at December 31, 2013) less 3,122,495 treasury shares held at January 31, 2014.

At its meeting of February 19, 2014, Compagnie de Saint-Gobain's Board of Directors decided to recommend to the Shareholders' Meeting on June 5, 2014, a dividend of €1.24 per share, 50% payable in cash and 50% in cash or in shares, at shareholders' discretion. For the payment of dividends in shares, the Board will recommend that the shareholders set the issue price for the new shares by applying a **10% discount** to the average opening share price during the 20 trading days preceding the June 5, 2014 Shareholders' Meeting, after having deducted the dividend amount.

RESULTS **BY SECTOR**

INNOVATIVE MATERIALS SECTOR

Key Consolidated Figures

(million EUR)	2013	2012
Net sales[(a)]	9,070	9,485
Operating income	658	726
EBITDA	1,129	1,226
Capital expenditure[(b)]	412	695

(a) Sales data by Sector include inter-sector sales.
(b) Excluding finance leases.

Innovative Materials sales contracted by 4.4% over the year on a reported basis, and by 0.7% like-for-like (on a comparable structure and currency basis). The Sector's operating margin increased to 22.3% for the year from 22.2% in 2012.

Innovative Materials Sector – Flat Glass

Contribution to the Group	2013	2012
% of net sales	12 %	12 %
% of operating income	5 %	4 %

Key Consolidated Figures

(million EUR)	2013	2012
Net sales[(a)]	4,996	5,130
Operating income	138	104
EBITDA	454	437
Capital expenditure[(b)]	234	459

(a) Sales data by Activity include inter-activity sales.
(b) Excluding finance leases.

2013 business review

In 2013, Flat Glass sales were up 0.7% at constant exchange rates (down 2.6% at actual rates), with volumes increasing significantly in the second half, and prices seeing more modest growth.

Sales of **commodity products** in Europe shrank for the second consecutive year, with both volumes and prices down on an average annual basis, leading to four production lines being halted. In Latin America, volumes and prices were up compared with 2012, in both Brazil and Colombia, with the start-up of a new production line. In Asia, sales continued to fall in South Korea due to the construction industry crisis, but grew in India and China. Across all countries, the focus was on growing sales of high valued-added products.

Sales by the **Building Transformation Activity**, which is focused primarily on Europe, also declined despite a stable price mix.

Sekurit reported stable sales in Europe, in step with the market, along with strong gains in Latin America, led by Mexico which benefited from robust North American demand, and in Asia, thanks to rapid growth in the Chinese market.

Flat Glass operating income rose by 33% compared with 2012, with an acceleration in the second half, led by operations outside Europe, tight cost control and the gradual withdrawal from the Solar market. Measures to improve industrial performance and reduce overheads were continued. Working capital requirement was contained and capital expenditure was reduced to a minimum except in fast-growing markets and for the electrochromic glass program.

Outlook for 2014

The general trends observed in late 2013 should continue in 2014, with weak growth in Western countries, better performance in Eastern Europe and more vigorous expansion in fast-growing markets. Sale prices should rise slightly while inflationary pressure is expected to ease.

The Flat Glass Activity's strategic priorities will remain the same, namely:

- implement cross-functional measures to cut fixed costs in and outside Europe and reduce production costs through the World Class Manufacturing (WCM) program and purchasing action plans;
- improve the price and product mix by developing high value-added products – in particular with with more efficient coated glass and better capacity utilization rates;
- keep a tight rein on capital expenditure and working capital requirement.

Research and development spending will also be targeted on high value-added products.

Innovative Materials Sector – High-Performance Materials

Contribution to the Group	2013	2012
% of net sales	10%	10%
% of operating income	19%	22%

Key Consolidated Figures

(million EUR)	2013	2012
Net sales[(a)]	4,086	4,376
Operating income	520	622
EBITDA	675	789
Capital expenditure[(b)]	178	236

(a) Sales data by Activity include inter-activity sales.
(b) Excluding finance leases.

2013 business review

High-Performance Materials sales contracted by 2.6% like-for-like in 2013, with most of the decline attributable to the Ceramic Materials Activity. In an uncertain environment, the Performance Plastics, Abrasives and Adfors (textile solutions) Activities improved their sales performance.

The **Ceramic Materials** Activity experienced mixed market environments in 2013, with very weak demand in the glass furnace refractories segment, particularly for Liquid Cristal Display (LCD) glass, as well as in the solar and metallurgy segments, that was not offset by favorable environment for catalyst substrates and zirconium-based abrasives. However, products for the energy markets enjoyed significant volume growth.

The **Abrasives Activity** recorded strong sales in Latin America, particularly in Brazil, and delivered a resilient performance in Europe. Sales in North America contracted slightly but improved in the second half. Performance in the Asia-Pacific region was weaker than in 2012, particularly in China and Australia.

Performance Plastics sales continued to grow in all markets except the Solar segment, particularly in transportation, medical equipment, habitat and energy, lifted by new products and an intense drive to co-develop products with customers. The acquisition of three American companies that manufacture components for the biopharmaceutical industry (Twin Bay Medical, American Fluroseal Corporation and Applied Bioprocess Containers) consolidated the Activity's presence in single-use systems. The acquisition of Flex Polimeros in Brazil allowed the Activity to enter the South American market for acrylic adhesive tape and foam for automobile applications. Finally, the end-of-the-year acquisition of German company L&S should consolidate its presence in the high value-added bearings and seals markets.

Adfors (formerly Textile Solutions) saw strong growth, reaping the benefits of the successful re-starting of its furnace in the Czech Republic and good internal momentum in North America and Europe.

In addition, productivity improved considerably at the insect screen plant in Mexico, driving up sales volumes of specialty products.

The Sector's operating margin was primarily weakened by lower refractory volumes, whereas the other businesses held up well.

All in all, the combined effect of good pricing and ongoing cost and structural adjustments, particularly to reduce overheads, enabled the various Activities within the High-Performance Materials Sector to maintain an operating margin of close to 13% in a difficult environment.

Capital expenditure was lower than in the last two years, with targeted investment by the Ceramic Materials Activity in the United States (in the proppants segment), the Performance Plastics and Abrasives Activities in China, and the Ceramic Materials and Abrasives Activities in India.

Outlook for 2014

The High Performance Materials Activity has a strong presence in the United States, as well as in growth regions and fast-growing markets such as India, China and South America. Sales in Western Europe will continue to be penalized by persistently fragile industrial markets that continue to carry large amounts of inventory.

Inflation is likely to be slightly higher than in 2013. After a stable end of the year, the zircon price will rise in 2014. Energy prices will continue to increase, particularly in Europe. The priority will be to pass increases in raw material and energy costs on to the Activity's sales prices.

In this environment, operational excellence programs (World Class Manufacturing), the Impact 300 purchasing program and programs to contain structural costs will remain priorities.

Significant increases in capital expenditure are planned to restore growth. New investment in mature markets will be mainly focused on manufacturing base upgrades and markets experiencing solid expansion, particularly the US energy market (catalysts).

All Activities will strengthen their positions in fast-growing markets, led by the Ceramic Materials and Abrasives Activities in India, Argentina and China.

Construction Products Sector

Contribution to the Group	2013	2012
% of net sales	27%	27%
% of operating income	36%	34%

Key Consolidated Figures

(In € millions)	2013	2012
Net sales[(a)]	11,525	11,709
Operating income	999	974
EBITDA	1,487	1,481
Capital expenditure[(b)]	433	535

(a) Sales data by Sector include inter-sector sales.
(b) Excluding finance leases.

2013 business review

In 2013, Construction Products sales rose by 2.2% at constant exchange rates. Faced with depressed market conditions in Europe, especially in Western Europe, the Sector once again capitalized on its product quality and differentiation strategy to raise prices, in order to offset the effect of inflation on costs. Maintaining the trend observed in the latter part of 2012, the North American construction market continued to show signs of recovery, allowing some of the Sector's Activities to increase their volumes and prices. In fast-growing markets, the Sector continued leveraging its development strategy and capital expenditure programs to achieve significant sales growth (led by a combination of higher volumes and prices), particularly in Brazil, Southeast Asia, Russia, and Turkey.

The Sector's margin increased, thanks mainly to lower-than-expected factor cost increases for raw materials and energy. Operational excellence programs and projects to streamline the manufacturing base helped lessen the impact of falling production volumes in Western Europe.

In line with the Sector's development and excellence objectives, capital expenditure was contained and focused on promoting growth in fast-growing countries as well as on maintaining and improving the manufacturing base in Western Europe. Taking advantage of the upbeat economic climate in North America to implement its strategic refocus on the most promising businesses, the Sector disposed of its PVC Pipe and Foundations business in the second quarter of 2013. Cash management remained a priority objective for the Sector, which again reported a significant operating cash surplus.

Outlook for 2014

2014 should be marked by sustained growth in fast-growing countries, progress in the North American construction market, and a mixed situation in Europe. In this environment, productivity gains and effective price management will be pursued, particularly in countries where projected growth rates are modest. The priority focus will remain on expanding in fast-growing countries and strengthening positions in North America on the back of the recovery that started in 2013.

The Sector will stay on the look-out for acquisition opportunities, while also keeping a tight rein on overheads and debt. The innovation drive will be maintained to meet today's energy-saving and sustainable development challenges.

INTERIOR SOLUTIONS

2013 business review

Interior Solutions sales stabilized in 2013, with the persistently difficult situation in the European market offset by a gradual recovery in the United States and firm interior solutions markets in fast-growing countries.

Reported sales were severely affected by unfavorable exchange rates, particularly the decline in North and South American currencies, the yen, the pound sterling and the Turkish lira. Despite intense competitive pressure, prices held up well, supported by an increasing focus on innovation that is helping to shift the product and services offering upmarket.

In Western Europe, while the Mediterranean countries stayed in recession, in France, the effects of a persistently difficult construction market were minimized by enhancement of our product mix (particularly the increase in sales of products designed in compliance with "Grenelle de l'Environnement" sustainable development standards).

In the United Kingdom, the Activity showed remarkable resilience, with the recovery of the newbuilding market in the second half of the year mitigating the effects of the CERT program to reduce carbon emissions in domestic properties coming to an end.

In Germany, the Activity benefited from an upturn in the homebuilding market, but continued to be affected by flat demand in the renovation market, in an increasingly competitive environment.

Performance in Eastern Europe was mixed. The first plasterboard facility in Russia was brought on-stream in response to solid growth in the Activity's markets. However, sales volumes remained flat in other Eastern European countries and prices stayed under severe pressure due to overcapacity.

In North America, the United States construction market continued to recover, contributing to improved results for the Interior Solutions Activity, which also benefited from significant price increases. The Activity continued its development, with the creation of a joint venture with Bailey Metal Products for metal frames.

Fast-growing markets remained an important growth driver, whether in Latin America, Asia, or Turkey. In a buoyant economic environment, demand was also particularly strong in Japan, ahead of VAT increases on construction that will come into force in April 2014. The Activity gained a foothold in Morocco with the start-up of a joint venture in July (Gypsum).

Operational excellence campaigns (World Class Manufacturing) and initiatives to cut costs and align capacity with demand in the most vulnerable countries were carried out with success.

Outlook for 2014

The outlook for 2014 is mixed, but slightly more promising overall than in 2013.

Current trends should continue in North America and fast-growing countries, while European markets may improve. Northern Europe, the United Kingdom and Germany will benefit from a degree of recovery in their markets, while France and Southern Europe will suffer from a challenging environment.

Against this backdrop, in 2014 Interior Solutions will continue to focus on improving profit margins and maintaining cash generation at satisfactory levels. This will require a combination of effective price management and strict cost control, supported by a ramped up World Class Manufacturing program. Capital expenditure will be focused on strategic development projects, to support the development of new products and systems and to increase capacity in fast-growing markets. The Sector will start up its first plasterboard plant in Indonesia and its second in Brazil, and will bring additional capacity on stream in the United States.

Research and Development spending will be maintained, with many projects to further broaden and shift the product mix upmarket reaching maturity in 2014.

EXTERIOR SOLUTIONS

Exterior products

2013 business review

The signs of a recovery observed in 2012 were confirmed in 2013, with building starts in the United States up by more than 18% to close to 923,000. However, Exterior Products' performance continued to depend primarily on the performance of the repair and renovation market. Although weather conditions negatively affected demand, particularly for roofing products, despite a very good first quarter, the effects were offset by lower raw material costs, especially for asphalt, and improvements in the price mix.

The Activity took advantage of a favorable environment to sell its PVC Pipe & Foundations business.

The economic climate in the United States was nevertheless shaped by major developments such as the government shutdown, bankruptcies of major cities, the risk of a US debt default, far-reaching changes to the healthcare system and rumors that the Federal Reserve was planning to change course. All of these developments maintained a feeling of instability throughout 2013 and weighed on consumer confidence and spending.

Outlook for 2014

The 2014 outlook for the construction market is very encouraging, even though it is tied to rising demand, which cannot be guaranteed as it is dependent on the future course of interest rates. There are expected to be around 1,100,000 building starts.

The Roofing products business should benefit from the momentum generated by its industrial projects and see volumes rise in regions where it was less well established, while improving its cost base through productivity gains. The focus will be on Research and Development spending and the implementation of an integrated IT system (SAP).

Pipe Systems

2013 business review

2013 saw an upturn for the Pipe Systems Activity after two difficult years. The first half was sluggish across most markets, with the exception of Brazil, but a positive trend set in during the latter part of the year, bringing improved results, with sales stable overall for the year and up in the final months.

The erosion of sales in Europe continued after several years of decline. In a fiercely competitive market, prices rose slightly. The situation was still highly varied between countries. In France, which had been the most resilient European market, there were signs of a slowdown, intensified by the run up to elections in recent months. In the United Kingdom, results improved, led by the Municipal Castings and Construction Systems businesses. In Germany, the Activity used a marketing drive and the development of innovative offerings to offset a weak market. Other Northern European countries (Belgium, Finland, Norway, Switzerland) recorded results close to the healthy levels seen in 2012. In Southern Europe, sales in Italy stayed at a satisfactory level thanks to major projects, and Portugal showed improvement. In Spain, the downtrend showed signs of having bottomed out. In Eastern Europe, exports to the Balkans and Romania offset modest results in Poland and the Czech Republic.

In distant export markets, 2013 sales were boosted by the major projects that were lacking in 2011 and 2012, with production carried out in European and Chinese facilities. The year was satisfactory despite fierce competition from Asian manufacturers helped by the sharp depreciation of some of the region's currencies.

In Brazil, the market remained buoyant. Sales were lifted by major infrastructure projects and diversification towards manufacturing and distribution.

In China, the forecast recovery was more modest than expected because of credit constraints. Pipe System sales only took off in the final months of the year. With a competitive domestic market and strong pressure on margins, results remained disappointing despite significant savings in production costs and overheads.

Team engagement enabled the Pipe Systems Activity to consolidate its operational excellence, with:

- improved price/cost spreads in Europe and the retention of positions in distant export markets in the face of competitive challenges and adverse exchange rates;
- a continued increase in the contribution of new offerings to total sales;
- realignment of the manufacturing base in Europe and China, generating substantial savings and leading to a reduction in the number of accidents;
- a reduction in overheads achieved without any loss of team expertise;
- improved management of cash flows, with a further reduction in working capital requirement and a tight rein on capital expenditure.

Outlook for 2014

Growth should be driven by major contracts in the Middle East, and a moderate recovery is forecast in China. Sales in Europe are expected to be stable, with a slower first quarter, while the market in Brazil will remain buoyant in the first half.

The business priorities will be to find new growth drivers (industry, mining, non-pipe ranges), to carry out projects in distant export markets and to maintain price/cost spreads in a market affected by volatile raw material prices.

The main industrial priority will be to continue structural adjustments in Europe and China.

Industrial Mortars

2013 business review

The Activity's sales were up on 2012 at constant exchange rates. However, after conversion into euros, reported sales for Latin America and other fast-growing regions compared to 2012 were severely affected by adverse exchange rates.

Due to the generally unfavorable economic environment in Western Europe, sales fell slightly in this region compared to 2012, but to a lesser extent than in 2011.

In Eastern Europe, sales remained stable overall, despite the adverse economic conditions in many countries in the region.

Sales growth was once again particularly strong in Latin America. The Activity also continued to expand rapidly in Asia, the Middle East and Turkey, with volumes and sales prices both trending upwards.

Industrial Mortars sales increased, thanks to fast-growing markets which account for a growing proportion of its total sales. In contrast, Expanded Clay Pellets sales fell in 2013, due to the business' greater dependence on Western European markets. Also affected by tough economic conditions in Europe, Equipment sales dipped slightly in 2013.

While overall capital spending was scaled back compared with 2012, fast-growing markets continued to be an investment priority.

Outlook for 2014

Despite a persistently challenging environment in Europe, in 2014 sales are expected to increase in both Western and Eastern Europe. Volumes should expand slightly and prices should be higher than in 2013.

In fast-growing markets, sales are expected to again see significant growth, led by higher volumes and improved prices, especially in Asia, Latin America and the Middle East.

The Industrial Mortars Activity will continue to invest in fast-growing markets to support the business' future expansion in these markets. In 2014, they will account for over half of the Activity's capital spending budget.

Building Distribution

Contribution to the Group	2013	2012
% of net sales	45%	45%
% of operating income	23%	26%

Key Consolidated Figures

(million EUR)	2013	2012
Net sales[(a)]	18,773	19,233
Operating income	638	761
EBITDA	899	1,035
Capital expenditure[(b)]	205	233

(a) Sales data by Sector include inter-sector sales.
(b) Excluding finance leases.

2013 business review

Building Distribution Sector sales fell 2.4% over the year to €18.8 billion, due to particularly bad weather conditions in the first quarter and the negative currency effect. The situation improved over the year, however, with the decline easing from 3.8% in the first half to 1.0% in the second.

Changes in exchange rates and scope of consolidation (consolidation of Brossette in France from April 2012 and divestment and deconsolidation of Barugel Azulay in Argentina in May 2013) had a significant impact on reported sales for 2013 and organic sales comparisons are more meaningful.

Organic sales contracted by 4.6% in the first half, with a drop of 8.6% in the first quarter alone. From May, however, the main Activities gradually picked up, and organic growth reached 1.7% in the second half. Overall, organic sales for the year were down 1.4%, on the back of a 2.0% fall in 2012.

By geographic area, performance remained very mixed, as in the last two years. Excluding the effect of adverse weather conditions in the first quarter, Building Distribution formats serving building professionals held up well overall in France, Germany and the Nordic countries. In the United Kingdom, sales improved gradually from the second quarter onwards. In Brazil, the Sector enjoyed solid growth across the year, reporting record sales.

In Southern Europe, Eastern Europe and the Netherlands, on the other hand, sales hit a new low in 2013, hampered by structurally depressed markets and accelerated restructuring, although the second half saw a return to growth in Hungary and the Czech Republic.

In France, where the Sector generates a little over 40% of its sales, the formats targeting building professionals enjoyed market share gains in a declining market. This was the case in particular for Point.P generalist builders' merchants and for the formats specialized in civil engeneering and roofing contractors, which maintained the advances recorded since 2010. In the household consumer segment, Lapeyre had a more difficult year, due chiefly to a contraction in the joinery market and hesitancy among end consumers in other market segments (kitchens and bathrooms).

The United Kingdom saw a return to robust organic growth, supported by the rebound of generalist formats from the second quarter, and the successful integration of the Build Center network.

After a difficult first half, Germany enjoyed strong growth in the second half with sales reaching a record high, supported by the generalist brands' performance.

In contrast, the Netherlands hit another low point in 2013 with the construction market particularly badly hit. As a result, sales dropped significantly, although they began to stabilize in the second half.

Despite the steep fall in the Danish market, the Nordic countries once again delivered a robust performance. After a difficult first quarter, Sweden, Norway and the Baltic states reported record sales in 2013 in local currency. In Switzerland, Sanitas Troesch had a satisfactory year.

In Eastern Europe, sales bottomed out in 2013 in a still rapidly shrinking building materials market. The drop in sales in this region was focused on Poland where restructuring and disposals led to a strategic refocusing on plumbing, heating and sanitaryware. Sales growth in Hungary was in the double digits in 2013, representing a considerable improvement. In the Czech Republic, sales grew in the second half.

In Spain, the Sector continued to face a very challenging economic environment, although specialist merchants were less affected than general builders' merchants. In decline since 2007, organic sales in Spain stabilized for the first time in the second half of 2013.

Outside Europe, Telhanorte in Brazil reported a sharp rise in sales and operating income, both in São Paolo and in other states (especially Minas Gerais) where it has a shorter history.

In North America, Norandex recovered from a difficult first quarter, benefiting from the improvement in market conditions in the second half of 2013.

Changes in the scope of consolidation in 2013 mainly included consolidation of Brossette in France from April 2012 (leading to an additional quarter's contribution in 2013), acquisitions of small, local companies in Norway and Sweden, as well as the sale of the Barugel-Azulay subsidiary in Argentina in May and the Sector's operations in Slovakia in March 2013.

In all, these changes had a total positive impact on 2013 sales of €97 million.

The Sector's reported operating income reached €638 million in 2013, negatively affected by a first half that was down sharply on 2012. Second half operating income rose to €423 million from €391 million in 2012, with operating margin gaining 0.4 point year-on-year. This performance was obtained despite shrinking volumes, through strict cost discipline resulting from initiatives taken since 2009.

Outlook for 2014

After a generally lackluster year in 2013, the Sector is expecting to again face an uncertain, albeit gradually improving, macro-economic environment in 2014. Operational priorities are still to focus on commercial initiatives to increase market share, supported by the best teams, multichannel distribution, better price management in sales and purchasing leading to improved gross margins, and disciplined cost and cash management. The year will also be devoted to deploying major IT and logistics projects in France, the Nordic countries and Germany.

Packaging

Contribution to the Group	2013	2012
% of net sales	9%	9%
% of operating income	17%	14%

Key Consolidated Figures

(In € millions)	2013	2012
Net sales[(a)]	3,616	3,792
Operating income	462[(c)]	414
EBITDA	637	656
Capital expenditure[(b)]	270	282

(a) Sales data by Sector include inter-sector sales.
(b) Excluding finance leases.
(c) Including an IFRS adjustment of €65 million on depreciation for Verallia North America.

2013 business review

In 2013, Verallia's sales fell 4.6% as reported and 1.8% like-for-like (with a 1.9% improvement in the price mix but volumes down 3.7%) Healthy sales in Latin America did not offset the slowdown within the other two regions (mainly Southern Europe, and to a lesser extent the United States).

Price trends were favorable in most countries and stable in the United States, in a context of generally moderate inflation (except in Latin America), with some costs even falling in Western Europe.

In Western Europe, in a particularly depressed macroeconomic environment – especially for consumer spending – domestic markets were shaped by a wait-and-see attitude from customers (who focused on closely managing their inventories) and by fierce competitive pressure that weighed on Verallia's ability to increase prices. Volumes declined particularly sharply in Southern Europe (Spain and Italy, but also France), but some sectors still performed well, particularly export sales of spirits. An uncertain regulatory and competitive environment persisted in Eastern Europe, where Verallia's sales were weakened by declining consumption of strong spirits following the introduction of increasingly restrictive regulations, and by the inability of some customers to pay their suppliers. Nonetheless, volumes increased in Ukraine, which mainly exports to Poland, where Verallia also manages a decoration unit. In the United States, sales to the beer market were weak due to unfavorable weather conditions and market share gains for metal cans. Sales of wine bottles were also down, while spirit bottle sales were driven by demand for new products and innovations. Sales in Latin America were fuelled by strong performances in Argentina's wine industry.

Dedicated to partnering customers continuously as they develop their businesses, Verallia's teams develop attractive glass packaging that plays with different colors, shapes and functionalities for bottles and jars. With thirteen products awarded innovation prizes in 2013, Verallia once again demonstrated its ability to create value-enhancing products for brands and services adapted to its customers' needs. It continued to ramp up its EcoVa range of eco-designed bottles in all markets, with around 7 billion bottles sold since the range was launched.

In contrast to previous years, factor costs increased modestly overall in 2013, especially in Western Europe where some energy costs were down on 2012.

Operating income was down slightly on the previous year, and stable at constant exchange rates, at €397 million (excluding the €65 million one-off impact of the IFRS restatement of Verallia North America's depreciation charges). Operating margin was 11% excluding one-off impacts, in line with the previous year's 10.9%, primarily due to effective cost control and healthy sales prices in a depressed economic environment.

Capital expenditure was slightly lower than in 2012. As in the previous year, most of the spend concerned furnace reconstruction operations as well as plant competitiveness programs in both mature and fast-growing markets, including Algeria where Verallia's second furnace came on stream at its Oran site. A disciplined approach was applied to capital projects in order to optimize cash management, enabling Verallia to maintain a satisfactory EBITDA-Capex ratio, albeit slightly lower than in 2012, in a particularly difficult macro-economic environment. Verallia also announced the construction of a new plant in the North East region of Brazil (Nordeste), in partnership with a regional manufacturer.

Lastly, Verallia pursued its initiatives to reduce the environmental footprint of its activities and two of its plants were certified ISO 14001-compliant. It continued its long-term sustainable development initiatives in all countries with four major focuses: glass recycling, optimized energy consumption and increased reliance on non-fossil fuels, lower CO_2 emissions and reduced water use.

Overall, in a particularly adverse macroeconomic environment, which severely affected sales levels – especially in Europe – Verallia once again proved its resilience, delivering results that held firm compared to 2012, with a stable margin and continued high cash generation: free cash flow (EBITDA less capital expenditure) amounted to €364 million compared to €371 million in 2012.

Outlook for 2014

While Verallia's main European markets – especially in Southern Europe – are likely to remain subdued, business in Latin America should be helped by the upcoming sporting events in Brazil and the momentum of the wine industry in Argentina.

Verallia will forge ahead with capital expenditure projects, notably with the aim of adding new production lines to further improve manufacturing flexibility and competitiveness, while maintaining a good level of profitability.

In January 2013, an initial step was taken by Saint-Gobain in its planned withdrawal from the Packaging Sector. An agreement was signed with Ardagh for the sale of Verallia North America for an enterprise value of $1,694 million (roughly €1,275 million), representing 6.5 times 2012 EBITDA (around $261 million). The transaction is subject to authorization by the United States anti-trust authorities.

OUTLOOK AND OBJECTIVES FOR 2014

After bottoming out in first-half 2013 and rallying in the second half of the year, operating income should see a clear improvement in 2014 on a comparable structure and currency basis, even though the macroeconomic environment remains unsettled.

The Group should benefit from the ongoing recovery in the United States, satisfactory growth in emerging countries, and a more stable economic environment in Europe led by growth areas (UK and Germany). Household consumption markets should hold firm.

The Group will continue to apply strict cash discipline and to maintain a strong balance sheet in 2014, along with targeting a continuing high level of free cash flow. It will:

- maintain its **priority focus on increasing sales prices** amid a smaller rise in raw material and energy costs;
- pursue its **cost cutting measures** to achieve additional savings of **€450 million** (calculated on the 2013 cost base);
- step up its **capital expenditure to around €1,500 million**, the priority being growth capex outside Western Europe (around €550 million);
- maintain **its commitment to invest in R&D** in order to support its differentiation and high value-added solutions strategy;
- plan to finalize the **divestment of Verallia North America in the first half**.

SHARE INFORMATION

Compagnie de Saint-Gobain shares are traded on the NYSE Euronext Paris market (ISIN FR 0000 125007). As of December 31, 2013, the Company represented the twenty-first largest market capitalization, at €22,191 million, and the eighteenth most actively traded stock on this market, with an average daily trading volume of 1,815,475 shares during the year. Saint-Gobain shares are also traded on the Frankfurt, London and Zurich stock markets (since 1987) and on the markets in Amsterdam and Brussels (since 1988).

Compagnie de Saint-Gobain is included in the DJ Euro Stoxx 50 index and the Global Dow, a 150-stock index of the most innovative, vibrant and influential corporations from around the world.

It is also included in the STOXX® Global ESG Leaders, Euronext Vigeo Europe 120, Euronext Vigeo Eurozone 120, ESI Excellence Europe and FTSE4Good sustainable development indices. Saint-Gobain is the leading company in its sector (Construction & Materials) in the FTSE4Good index.

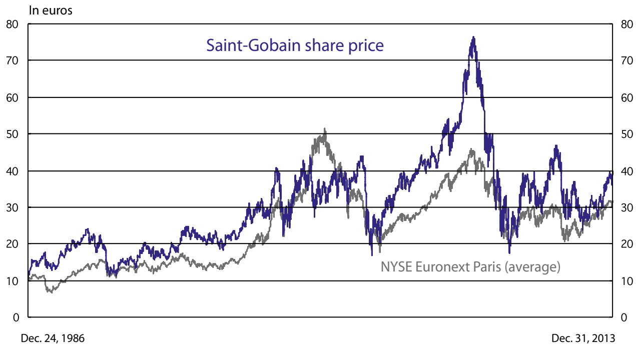
Saint-Gobain equity options are traded on the options markets in Paris (Monep) and London (Liffe), with Monep trading volume representing 476,389 contracts in 2013 versus 474,308 in 2012.

High and low share prices

Year	High	Low	Year-end price
2011	47.640	26.070	29.665
2012	37.625	23.900	32.220
2013	40.325	27.105	39.975

(Source: Nyse Euronext Paris)

Share price(1)



TOTAL SHAREHOLDER RETURN

(TSR)

Since the December 1986 privatization: 9.9% per year

Of which: 5.0% price appreciation
4.9% dividend yield (including the 50% *avoir fiscal* tax credit until 2004)

Calculated as follows:

- IPO price: €10.559(2)
- 1987 and 1988 cash dividends
- 1989-1997 stock dividends
- 1998-2008 cash dividends
- 2009 and 2010 stock dividends
- 2011 and 2012 cash dividends
- 2013 stock dividends
- December 31, 2013 share price: €39.975

Over ten years, from December 31, 2003 to December 31, 2013: 6.8% per year

Of which: 1.3% price appreciation
5.5% dividend yield (including the 50% *avoir fiscal* tax credit until 2004)

Calculated as follows:

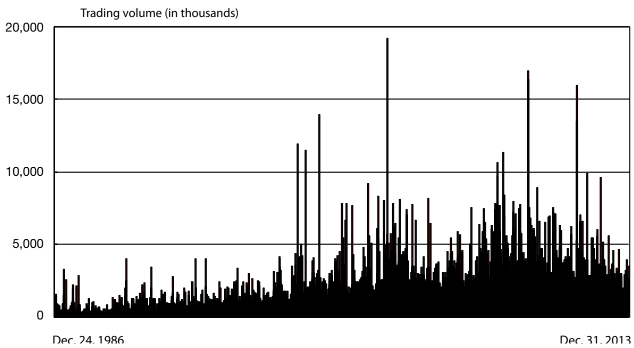
- December 31, 2003 share price: €35.2591(2)
- 2003-2008 cash dividends
- 2009 and 2010 stock dividends
- 2011 and 2012 cash dividends
- 2013 stock dividends
- December 31, 2013 share price: €39.975

(1) Adjusted for the effects of the March 1994 and February 2009 rights issues.
(2) Adjusted for the effects of the February 2009 rights issue.

Trading volumes (in thousands) at December 31, 2013[1]

(Source: NYSE Euronext Paris)

Trading volume adjusted for the 4-for-1 stock-split in June 2002.



Trading volume since September 2012

(Source: NYSE Euronext Paris)

Paris Stock Exchange ISIN FR0000125007	Number of shares	Amount (in €)	High (in €)	Low (in €)
2012				
September	49,987,611	1,451,311,192	30.560	26.620
October	47,365,943	1,293,226,047	28.625	25.950
November	41,851,235	1,206,081,578	31.110	26.935
December	33,353,007	1,048,293,854	32.785	30.105
TOTAL	**172,557,796**	**4,998,912,671**		
2013				
January	38,883,581	1,231,870,434	33.580	30.030
February	46,624,198	1,423,149,051	32.390	29.200
March	41,279,924	1,264,670,922	32.360	28.555
April	43,555,350	1,256,271,799	31.310	27.105
May	45,933,271	1,484,840,373	33.930	30.085
June	46,361,331	1,474,136,896	33.945	29.605
July	39,685,241	1,285,531,517	35.445	29.830
August	30,398,423	1,081,730,277	36.695	34.075
September	30,566,630	1,123,248,023	38.250	34.945
October	38,268,093	1,453,423,985	40.000	36.610
November	29,488,682	1,148,321,789	40.325	37.645
December	31,901,492	1,196,285,691	40.290	36.135
TOTAL	**462,946,216**	**15,423,480,755**		
2014				
January	35,679,154	1,420,315,710	41.670	37.705
February	34,980,079	1,437,019,024	43.910	37.655

The London Stock Exchange has not provided details of trading volumes since October 2007.

A total of 789,900 shares were traded on the Frankfurt Stock Exchange in 2013 (source: Datastream).

The other Group companies whose shares are traded on a regulated market are Saint-Gobain Oberland (Frankfurt, Munich and Stuttgart Stock Exchanges), Hankuk Glass Industries (Seoul Stock Exchange), Grindwell Norton and Saint-Gobain Sekurit India (Mumbai Stock Exchange), Izocam (Istanbul Stock Exchange) and Compañía Industrial El Volcán (Santiago de Chile Stock Exchange).

(1) Adjusted for the effects of the March 1994 and February 2009 rights issues.

BONDS

During 2013, Compagnie de Saint-Gobain carried out the following debt management transactions to extend the average maturity of debt while reducing average borrowing costs:

- On March 27, 2013, a NOK 750 million 5-year 4% bond issue, due 2018.
- On March 28, 2013, a €100 million 20-year 3.875% private placement, due 2033.
- On June 5, 2013, a €164 million 10.5-year 2.875% private placement, due December 2023, increased to €362 million through five tap issues:
  - On July 3, for €70 million.
  - On October 21, for €66 million (two issues).
  - On November 26, for €62 million (two issues).
- On September 25, 2013, a €37 million 20-year 4.18% private placement, due September 2033.
- On September 27, 2013, a €10 million 20-year 4.16% private placement, due September 2033.

On January 29, 2013, a €155 million bank loan was repaid at maturity.

On May 20, 2013, a €575 million bond issue was redeemed at maturity.

On September 16, 2013, a €606 million bond issue was redeemed at maturity.

NON-VOTING PARTICIPATING SECURITIES

- In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their conversion into euros in 1999.

A certain number of securities have been bought back over the years. At December 31, 2013, 606,883 securities were outstanding with an aggregate face value of €92.5 million.

Interest on the securities ranges from 75% to 125% of the average corporate bond rate (TMO), based on the Group's consolidated earnings. Interest paid in 2013 amounted to €5.30 per security.

- **Trading volume since September 2012 (First tranche)**

(Source: NYSE Euronext Paris)

Paris Stock Exchange ISIN FR0000140030	Number of securities	Amount (in €)	High (in €)	Low (in €)
2012				
September	1,816	264,322	147.000	142.650
October	3,220	468,170	149.150	139.200
November	5,946	861,761	147.000	140.250
December	6,909	981,257	147.000	133.650
TOTAL	**17,891**	**2,575,510**		
2013				
January	2,947	431,593	147.4500	143.000
February	2,478	360,648	148.0000	143.450
March	4,879	706,799	148.0000	141.050
April	10,763	1,547,857	145.8000	139.100
May	14,090	2,014,522	149.0000	140.050
June	28,850	4,271,287	153.3500	144.950
July	24,620	3,605,716	154.0000	145.550
August	4,241	637,811	153.9000	146.700
September	11,789	1,758,788	152.5000	147.250
October	4,978	747,105	153.0000	146.500
November	2,241	340,444	153.9000	148.850
December	8,837	1,329,026	153.0000	148.000
TOTAL	**120,713**	**17,751,594**		
2014				
January	5,344	802,377	155.000	148.550
February	10,244	1,518,203	155.000	143.050

Trading volume since September 2012 (Second tranche)

(Source: NYSE Euronext Paris)

Paris Stock Exchange ISIN FR0000047607	Number of securities	Amount (in €)	High (in €)	Low (in €)
2012				
September	587	73,004	125.000	123.750
October	426	52,461	124.100	120.010
November	101	12,227	121.770	121.010
December	226	27,389	122.000	121.010
TOTAL	**1,340**	**165,081**		
2013				
January	480	60,069	128.000	122.970
February	298	36,655	123.330	122.100
March	218	26,992	124.550	123.000
April	20	2,500	125.000	125.000
May	120	14,794	125.000	122.520
June	620	80,191	131.280	123.500
July	852	115,213	137.640	126.160
August	104	13,162	127.000	126.000
September	208	26,129	128.270	123.240
October	106	13,055	123.600	123.000
November	186	22,594	122.100	121.100
December	181	21,310	120.000	116.450
TOTAL	**3,393**	**432,663**		
2014				
January	171	21,006	127.260	116.450
February	162	19,452	121.000	120.000

- In April 1984, 194,633 non-voting participating securities were issued with a face value of ECU 1,000, now €1,000.

A certain number of securities have been bought back over the years. At December 31, 2013, 77,516 securities were outstanding with an aggregate face value of €77.5 million.

Interest comprises (i) a fixed portion of 7.5% per year applicable to 60% of the security, and (ii) a variable portion applicable to the remaining 40% of the security, which is linked to consolidated net income of the previous year, subject to the cap specified in the issue agreement. In all, depending on the level of consolidated net income, the interest rate ranges from a minimum of 4.5% to a maximum of 6.75% if the TMOE rate is below 5% or TMOE + 175bps if the TMOE rate is above 5%. Interest for 2013 amounted to €63.70 per security, paid in two installments (€33.55 and €30.15).

Trading volume since September 2008

(Source: Luxembourg Stock Exchange)

Luxembourg Stock Exchange ISIN LU0002804531	Number of securities	Amount (in €)	High (in €)	Low (in €)
2008				
May	2	2,342	1,173.50	1,168,50
June	10	11,568	1,163.50	1,150,00
TOTAL	**12**	**13,910**		
2009		**No trades**		
2010				
November	1,999	2,298,850	1,150.00	1,150,00
TOTAL	**1,999**	**2,298,850**		
2011		**No trades**		
2012				
September	6	5,575	950.00	900.00
TOTAL	**6**	**5,575**		
2013				
March	16	13,753	875.00	847.50
April	12	9,810	830.00	815.00
May	56	42,050	800.00	750.00
June	4,001	2,920,730	730.00	730.00
December	51	33,200	700.00	700.00
TOTAL	**4,136**	**3,019,543**		

The bonds are not redeemable and interest on them is classified as a component of finance costs.

No other securities issued by Compagnie de Saint-Gobain were traded on a stock market in 2013.

OWNERSHIP STRUCTURE

CAPITAL STOCK

At December 31, 2013, Compagnie de Saint-Gobain's capital stock amounted to €2,220,707,160, represented by 555,176,790 common shares with a par value of €4 compared with 531,125,642 shares at the previous year-end. During 2013, a total of 24,051,148 shares were issued, including (i) 4,499,142 shares offered to members of the Group Savings Plan, (ii) 16,866,171 shares for the payment of stock dividends, (iii) 187,985, shares awarded under performance share plans, and (iv) 2,497,850 shares issued upon exercise of the same number of stock options.

OWNERSHIP STRUCTURE

	December 31, 2013		December 31, 2012		December 31, 2011	
(in %)	Capital Stock	Voting rights	Capital Stock	Voting rights	Capital Stock	Voting rights
Wendel	16.2	25.8	17.3	26.8	17.1	26.8
Employees, through the Group Savings Plan	7.5	11.3	8.4	12.1	8.0	11.8
Caisse des Dépôts et Consignations	2.3	2.9	2.5	3.0	2.6	3.2
Treasury stock	0.6	0.0	0.8	0.0	1.7	0,0
Others	73.4	60.0	71.0	58.1	70.6	58.2
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**

To the best of the Company's knowledge, there are no liens on Compagnie de Saint-Gobain shares.

To the best of the Company's knowledge, there are no shareholders' pacts and none of the main shareholders mentioned above are acting in concert. The percentage of the share capital held personally by members of the Board of Directors is below 0.5%. The same applies to Group Management.

Saint-Gobain does not hold any of its own shares except for the treasury stock mentioned above. Based on the most recent survey of identifiable holders of bearer shares, carried out at December 31, 2013, the Company has approximately 230,000 shareholders.

Since 1987, the Company's bylaws have included a clause (Article 18, paragraphs 16 and 17) giving double voting rights to fully paid-up shares that have been registered in the name of the same holder for at least two years. In addition, in the case of a bonus share issue paid up by capitalizing reserves, profits or additional paid-in capital, bonus shares allocated in respect of registered shares with double voting rights also carry double voting rights. Double voting rights are forfeited when the shares are converted to bearer form or sold. However, double voting rights are not forfeited when title is transferred by way of an inheritance or as a result of the liquidation of the marital estate or an *inter vivos* donation to a spouse or a relative in the direct line of succession, and the transfer is not taken into account for the purpose of calculating the two-year qualifying period.

At December 31, 2013, a total of 698,819,113 voting rights were attached to the 555,176,790 shares outstanding (including non-exercisable rights attached to treasury stock).

The agreements signed with Wendel and announced on May 26, 2011[1] were approved by the June 7, 2012 Annual General Meeting in its fourth resolution concerning related-party agreements[2]. The commitments made under these agreements will apply for a 10-year period as from the June 9, 2011 Annual General Meeting.

(1) See 2011 Registration Document, pages 58 to 60
(2) See 2011 Registration Document, page 88

NOTIFICATIONS RECEIVED UNDER DISCLOSURE THRESHOLD RULES IN 2013

On July 8, 2013, the French securities regulator (*Autorité des marchés financiers* – "AMF") was notified by Amundi Asset Management, manager of the Saint-Gobain PEG France corporate mutual fund, that said fund's interest in the capital of Compagnie de Saint-Gobain had been decreased to below the 10% disclosure threshold on July 2, 2013, following the sale of Saint-Gobain shares on the market.

On July 9, 2013, the French securities regulator (*Autorité des marchés financiers* – "AMF") was notified by Amundi Asset Management, manager of the Saint-Gobain PEG France corporate mutual fund, that said fund's interest in the capital of Compagnie de Saint-Gobain had been increased to above the 10% disclosure threshold on July 6, 2013 through the purchase of Saint-Gobain shares on the market. At that date,, Amundi Asset Management held 6.77% of the capital and 10.04% of the voting rights on the fund's behalf.

In addition, Amundi disclosed, in the name and on behalf of the Saint-Gobain PEG France corporate mutual fund, that the fund:

- financed purchases of Saint-Gobain shares with reinvested dividends and direct contributions from employees;
- acts independently;
- does not intend to purchase more Saint-Gobain shares;
- does not intend to acquire control of the Company;
- does not intend to change the Company's strategy or carry out any of the transactions listed in article 223-17 I 6° of the AMF's General Rules;
- does not hold any of the arrangements or financial instruments listed in 4° and 4°bis of article L. 233-9-I of the French Commercial Code;
- has not entered into any repurchase agreements concerning the Company's shares and/or voting rights;
- has one seat on the Company's Board of Directors and does not intend to request any additional seats.

In addition, the Company received several notifications during the year in respect of the obligation set out in the Company's bylaws to disclose any and all changes in interest to above or below half a percentage point of the capital or voting rights, or any multiple thereof. In particular, several notifications were received from Wendel that it had crossed disclosure thresholds following the sale of shares or changes in the Company's shares and voting rights.

Changes in capital over the last five years

Date	Capital stock	Number of shares	
12-08	€1,530,287,940	382,571,985	
03-09	€1,962,356,788	490,589,197	Allocation of 382,571,985 stock warrants exercisable on the basis of seven warrants for two new shares at a price of €14 per share
05-09	€1,996,350,296	499,087,574	Group savings plan: issue of 8,498,377 shares (at €15.80)
06-09	€2,051,573,976	512,893,494	Payment of stock dividends: issue of 13,805,920 shares (at €22.83)
12-09	€2,051,724,064	512,931,016	Issuance of 37,522 shares upon exercise of the same number of options
05-10	€2,071,700,020	517,925,005	Group savings plan: issue of 4,993,989 shares (at €28.70)
06-10	€2,123,145,492	530,786,373	Payment of stock dividends: issue of 12,861,368 shares (at €28.58)
12-10	€2,123,345,764	530,836,441	Issuance of 50,068 shares upon exercise of the same number of options
05-11	€2,141,336,852	535,334,213	Group savings plan: issue of 4,497,772 shares (at €33.42)
12-11	€2,142,254,892	535,563,723	Issuance of 228,677 shares upon exercise of the same number of options and allocation of 833 performance shares
03-12	€2,144,819,736	536,204,934	Allocation of 641,211 performance shares
05-12	€2,162,370,456	540,592,614	Group savings plan: issue of 4,387,680 shares (at €28.59)
05-12	€2,124,210,456	531,052,614	Capital reduction: cancellation of 9,540,000 shares
12-12	€2,124,502,568	531,125,642	Allocation of 1,944 performance shares and issuance of 71,084 shares upon exercise of the same number of options
03-13	€2,125,351,100	531,337,775	Issuance of 26,228 shares upon exercise of the same number of options and allocation of 185,905 performance shares
05-13	€2,143,347,668	535,836,917	Group savings plan: issue of 4,499,142 shares (at €24.77)
06-13	€2,143,558,412	535,889,603	Issuance of 52,686 shares upon exercise of the same number of options
07-13	€2,211,023,096	552,755,774	Payment of stock dividends: issue of 16,866,171 shares (at €28.12)
12-13	€2,220,707,160	555,176,790	Allocation of 2,080 performance shares and issuance of 2,418,936 shares upon exercise of the same number of options

FINANCIAL AUTHORIZATIONS

- At the Annual General Meeting of June 7, 2012, the Board of Directors was given the following financial authorizations:
- *Authorization valid until December 2013:*
  - Authorization to issue warrants while a takeover bid for the Company is in progress. The aggregate par value of shares issued on conversion of the warrants may not exceed €536,250 thousand.
- *Authorizations valid until August 2014:*
  - Authorization to grant performance stock options to employees and officers, exercisable at a price at least equal to the average of the prices quoted for the Company's shares over the twenty trading days preceding the Board's decision. The options may not be exercisable for shares representing more than 1% of the capital, i.e. around €21,245 thousand.
  - Authorization to make performance share grants to employees and officers representing up to 0.8% of the capital stock, i.e. around €17 million.
  - The 1% ceiling on share issues applies to both authorizations.
- At the Annual General Meeting of June 6, 2013, the Board of Directors was given the following renewed financial authorizations:
- *Authorizations valid until August 2015:*
  - Authorization to issue up to €425 million worth of shares with pre-emptive subscription rights.
  - Authorization to issue debt securities, without pre-emptive subscription rights but with a compulsory priority period for subscription by shareholders, giving access to shares in the Company or its subsidiaries, or to shares in the Company to which entitlement would be granted by securities to be issued, where applicable, by subsidiaries. The aggregate par value of shares issued under the authorization is capped at €212,500,000 and the aggregate nominal value of debt securities at €1.5 billion. The Board of Directors may increase the number of securities to be issued by a maximum of 15% if an issue is oversubscribed.
  - Authorization to issue shares in payment for shares or share equivalents of another company. The number of shares issued under this authorization may not exceed the equivalent of 10% of the issued capital.
  - Authorization to increase the capital by up to €106 million by capitalizing additional paid-in capital, reserves, income or other eligible items.
  - Authorization to issue up to €42.5 million worth of shares (excluding premiums), without pre-emptive subscription rights, to the Group Savings Plan. The shares may not be offered at a discount of more than 20% on the average of the opening prices quoted for the Company's shares over the twenty trading days preceding the Board's decision.

The amounts specified in these five authorizations are not cumulative.

- Authorization to cancel all or some of the Saint-Gobain shares bought back by the Company provided that the total number of shares cancelled within any 24-month period does not exceed 10% of the Company's capital, and to reduce the capital accordingly.

In 2013, the following authorizations were used:

- Group Savings Plan: 4,499,142 shares were issued under the plan.
- Stock options: 247,250 options were granted.
- Performance share plan: 541,655 shares were granted.

INFORMATION THAT COULD HAVE A BEARING ON A TAKEOVER BID

French legislation adopted in application of the European takeover directive stipulates that the Registration Document must include any information that could have a bearing on a takeover bid. In the case of Saint-Gobain, the disclosures required under this legislation at December 31, 2013 were as follows:

- As explained above, the Board of Directors was authorized by shareholders to issue stock warrants exercisable for up to €536,250,000 worth of shares (excluding premiums) while a takeover bid for the Company is in progress. The authorization expired in December 2013.
- In the case of a change of control of Compagnie de Saint-Gobain:
  - Several U.S. subsidiaries' deferred compensation and defined benefit pension plans would be terminated immediately and the rights of beneficiaries would become due within twelve months. The total potential cost was USD 165.1 million at December 31, 2013.

- The bonds issued by the Company since 2006 could become redeemable and accrued interest on the bonds could become immediately due under certain conditions. At December 31, 2013, the amounts concerned were as follows: €700 million under the May 2006 issue; GPB 600 million under the November 2006 issue; a second €1,250 million tranche due in 2017 out of a total of €2,500 million under the April 2007 issue, following redemption of the first tranche in April 2012; €686 million under the January 2009 issue; €200 million under the June 2009 issue; €750 million under the October 2010 issue; and the two tranches of the September 2011 issue, one of €1,000 million and the other of €750 million, increased to €950 million through the January 2012 tap issue; JPY 5 billion under the January 2012 issue; €750 million under the March 2012 issue, increased to €900 million under the May 2012 tap issue; €935 million under the June 2012 issue in five separate transactions of €750 million, €45 million, €50 million, €75 million, and €15 million; GBP 250 million and €150 million – in three separate transactions of €100 million, €30 million and 20 million – under the October 2012 issue; NOK 750 million and €100 million under the March 2013 issue; €164 million under the June 2013 issue, increased by €70 million under the July 2013 tap issue, increased in October 2013 through two tap issues of €50 million and €16 million, and increased in November 2013 through two tap issues of €50 million and €12 million; €37 million and €10 million under two September 2013 issues. In addition, the agreements relating to the syndicated lines of credit for general corporate purposes set up in December 2012 (€1,461 million down from an initial €1,500 million) and December 2013 (€2,539 million) contain change of control clauses.

GROUP SAVINGS PLAN (*PLAN D'EPARGNE GROUPE* - "PEG")

The Group Savings Plan (*Plan d'Epargne Groupe* – "PEG") is a key feature of Saint-Gobain's social contract. It represents an excellent means of giving employees a stake in the Group's success and profits.

In 2013, 4,499,142 shares were issued under a standard plan with a five or ten-year lock-up, for a total of €111.4 million (2012: 4,387,680 shares and €125.4 million).

In France, 43% of employees invested in the PEG through corporate mutual funds (*Fonds Communs de Placement d'Entreprise* – "FCPE"). With employees in twenty-four other European countries and seventeen countries outside Europe also given the opportunity to take part, in all, more than 30,000 Group employees participated in the PEG during 2013.

At December 31, 2013, the corporate mutual funds together held 7.5% of the Company's capital and 11.3% of the voting rights.

A new plan will be launched in 2014, giving employees the opportunity to acquire up to 5.5 million shares with a five or ten-year lock-up.

SHARE BUYBACKS

In 2013, the Company did not buy back any shares directly on the market. A total of 1,036,000 shares were sold through block trades or off-market transactions during the year for a total of €36.6 million

Article L.225-209 of the French Commercial Code requires disclosure of the number of shares held in treasury. At December 31, 2013, 3,112,495 shares representing 0.56% of the capital were held in treasury for the following purposes: for allocation on exercise of stock options, for allocation under performance share plans, for allocation or sale as part of a Group Savings Plan or for allocation to employees in any other form, as follows:

Plans	Number of shares	Purchase price *(in €)*
2012 and 2013 Performance Share Plans	781,510	33.23
Shares not yet allocated	2,330,985	40.48

Shares held in treasury at December 31, 2013 were acquired at an average cost of €38.66 and shares sold during the year in off-market transactions were acquired at an average cost of €40.29.

In November 2007, the Company entered into an agreement with Exane to provide liquidity for the Saint-Gobain share. As required by French securities regulations, the agreement complies with the code of ethics issued by the Association Française des Entreprises d'Investissement that was approved by the French securities regulator (*Autorité des marchés financiers* - "AMF") on March 25, 2005. Under the terms of the agreement, Exane is mandated to maintain a liquid market in Compagnie de Saint-Gobain shares and ensure that prices are regularly quoted for the shares, so as to avoid price fluctuations that are not justified by market trends.

When the agreement came into effect on December 3, 2007, Compagnie de Saint-Gobain deposited €50 million in the liquidity account, which was reduced to €30 million on May 27, 2009 and to €6.6 million on April 19, 2012. At December 31, 2013, 4,000 Saint-Gobain shares were held in the account along with €6,700,051 in cash.

INFORMATION POLICY AND FINANCIAL CALENDAR

INFORMATION POLICY

The Investor Relations Department is responsible for implementing the Group's information policy with the financial community, investors and shareholders. The head of Investor Relations is Gaetano TERRASINI.

The Department is available to answer questions and requests for information about the Group.

Saint-Gobain
Investor Relations Department
Les Miroirs
92096 La Défense Cedex - France
Tel.: 01 47 62 33 33
Fax: 01 47 62 50 62
Toll free number 0800 32 33 33
(for calls from a landline in France)

In 2013, the Company offered its private shareholders a diverse program of on-site visits, stock market courses and meetings with the Group's executives. It also organized meetings in Grenoble, Tours, Lille, Nancy, Bordeaux and Marseille, as well as a conference during the Salon Actionaria in Paris in November, representing the sixteenth year in a row that the Company has taken part in this retail investor fair. The Department issues regular Shareholder Newsletters, and the Shareholder's Guide, which can be obtained on request.

Numerous meetings were also organized throughout the year with various members of the international financial community, including analysts, institutional investors and journalists. In addition to the annual and interim results presentations held in Paris, London, New York and Boston in February and July, several dozen road shows were organized in various European financial centers.

Detailed information about the Group and its businesses, including downloadable information documents and webcasts of General Meetings and meetings with analysts are available on the Saint-Gobain website.

www.saint-gobain.com

The Investor Relations team can be contacted by e-mail at the following address:
actionnaires@saint-gobain.com

Compagnie de Saint-Gobain also makes additional services available to holders of registered shares through its registrar, BNP Paribas, to improve the management of their shares. For more information, contact the Investor Relations Department or:

BNP Paribas Securities Services
BP2S/GCT – Émetteur Adhérents Euroclear 30
Immeuble GMP – Europe
9 rue du Débarcadère – 93761 Pantin Cedex
By phone: Toll free number 0 800 03 33 33
(for calls from a landline in France)
By fax: +33(0)1 55 77 34 17
Online, at:
www.planetshares.bnpparibas.com

2014 FINANCIAL CALENDAR

2013 final results: February 19, 2014, after the market closes

First quarter 2014 sales: April 29, 2014, after the market closes

Annual General Meeting: June 5, 2014, at 3:00 p.m. at Palais des Congrès (Porte Maillot), Paris 17

Dividend:
- Ex-dividend date: June 11, 2014
- Dividend reinvestment option period: June 11 – 25, 2014
- Dividend payment date: July 4, 2014.

First-half 2014 results:
July 30, 2014, after the market closes

Sales for the first nine months of 2014:
October 23, 2014, after the market closes.

2015 FINANCIAL CALENDAR

Annual General Meeting: June 4, 2015.

CORPORATE **GOVERNANCE**

BYLAWS

The Company was registered in the trades and companies register on July 21, 1954.

Compagnie de Saint-Gobain is a French *société anonyme* governed by articles L.210-1 *et seq.* of the French Commercial Code (*Code de commerce*). Its head office is at Les Miroirs, 18 avenue d'Alsace, 92400 Courbevoie - France (phone: +33 (0) 1 47 62 30 00) and it is registered in Nanterre under no. 542039532. Its APE business identifier code is 7010Z and its Siret code is 54203953200040.

The Company's overall corporate purpose is to conduct and manage, in France and internationally, any and all industrial, commercial, financial, securities and real estate transactions related to its manufacturing and contracting activities, through French or foreign subsidiaries or affiliates or otherwise (article 3 of the bylaws). Its fiscal year runs from January 1 to December 31. Its term will end on December 31, 2040, unless it is wound up before that date or its term is extended.

Official documents concerning the Company may be consulted at the head office, Les Miroirs, 18, avenue d'Alsace, 92400 Courbevoie (Investor Relations Department). They may also be downloaded from the Company's website, www.saint-gobain.com.

Special clauses in the bylaws

Special clauses contained in the bylaws are as follows:

Disclosure thresholds

The bylaws (article 7.4) require shareholders to disclose to the Company, within five trading days, any increase in their interest to above 0.50% of the capital or voting rights or any multiple thereof, or any reduction in their interest to below any of these thresholds. This disclosure requirement applies when a direct, indirect or joint holding falls below one of these thresholds.

Failure to comply with these disclosure rules may result in the undisclosed shares being stripped of voting rights for a period of two years from the date when the non-disclosure is remedied, at the request of one or more shareholders representing at least 3% of the capital or voting rights, as recorded in the minutes of the General Meeting. These disclosure thresholds were decided by the Annual General Meetings of June 23, 1988, June 15, 1990 and June 10, 2004.

In addition, the Company may request disclosure of information about its ownership structure and ownership of its shares in application of the relevant laws and regulations.

Board of Directors

The Company is administered by a Board of Directors with at least three members and no more than sixteen members (Annual General Meeting of June 5, 2008), including one director representing employee shareholders (Annual General Meeting of June 6, 2002).

Directors are elected for a four-year term. The age limit for holding office as a director is 70, or 68 for the Chairman of the Board. The Board may decide to combine the functions of Chairman of the Board and Chief Executive Officer. The age limit for holding office as Chairman and Chief Executive Officer is 65, the same as for the Chief Executive Officer and the Chief Operating Officer (Annual General Meetings of June 6, 2002 and June 5, 2003).

A director, the Chairman of the Board or the Chairman and Chief Executive Officer who reaches the age limit is required to step down at the close of the Annual General Meeting called to approve the financial statements for the year of his or her 70th, 68th or 65th birthday, as applicable.

The Board of Directors determines the Company's overall strategy and examines any issues related to the efficient operation of the business (Annual General Meeting of June 6, 2002).

The Board's activities are organized and led by the Chairman (Annual General Meeting of June 10, 2004).

Board meetings may be held using videoconference or other interactive telecommunication technologies, to the extent permitted by law (Annual General Meeting of June 28, 2001).

Each director is required to hold at least 800 Compagnie de Saint-Gobain shares (Annual General Meetings of June 24, 1999, June 28, 2001 and June 5, 2003).

General Meetings

Shareholders may participate in General Meetings in person or by giving proxy, provided that they submit proof of their identity and evidence of ownership of the shares as specified in the notice of meeting, at least three business days before the Meeting date, in accordance with legal requirements concerning participation in General Meetings. Where decided by the Board, shareholders may be called to and vote at a General Meeting by any form of electronic communication. Shareholders may give proxy to another person or entity to represent them at a General Meeting subject to the applicable legal provisions. Corporate shareholders are represented by their legal representative or by any person designated by the legal representative (Annual General Meeting of June 3, 2010).

At all General Meetings, voting rights are exercisable by the beneficial owner of the shares. Each shareholder has a number of voting rights corresponding to the number of shares held, without limitation.

However, double voting rights are allocated to fully paid-up shares registered in the name of the same holder for at least two years.

In addition, in the case of a bonus share issue paid up by capitalizing reserves, profits or additional paid-in capital, bonus shares allocated in respect of registered shares with double voting rights also carry double voting rights from the date of issue (Annual General Meeting of February 27, 1987).

Double voting rights are forfeited when the shares are converted to bearer form or sold. However, double voting rights are not forfeited when title is transferred by way of an inheritance or as a result of the liquidation of the marital estate or an *inter vivos* donation to a spouse or a relative in the direct line of succession, and the transfer is not taken into account for the purpose of calculating the two-year qualifying period.

Shareholders may vote by mail in accordance with the applicable laws and regulations.

Appropriation of income

Each year, 5% of net income for the year less any losses brought forward from prior years is credited to the legal reserve, until such time as the legal reserve represents 10% of the capital. If the capital is increased, the same transfer requirement applies until the legal reserve represents 10% of the new capital.

Distributable income corresponds to net income for the year less any losses brought forward from prior years and less any amounts to be credited to reserves in application of the law or the Company's bylaws, plus retained earnings.

The Annual General Meeting may appropriate:

1. all or part of this amount to any contingency or special reserves or to retained earnings, based on a recommendation of the Board of Directors;
2. if these appropriations do not absorb the total amount of distributable income, shareholders are paid a non-cumulative first dividend equal to 5% of the paid-up par value of shares;
3. if any funds remain after paying the first dividend, they are used to pay a second dividend.

The Annual General Meeting may decide to offer shareholders the option of receiving all or part of the dividend (or any interim dividend) in cash or in shares.

Compagnie de Saint-Gobain's bylaws are available for consultation on the website www.saint-gobain.com. Copies may be obtained from the Nanterre Commercial Court (*Greffe du Tribunal de Commerce de Nanterre*).

CORPORATE GOVERNANCE

This section has been prepared with the assistance of the Appointments, Compensation and Governance Committee.

Compliance with the AFEP-MEDEF corporate governance code for listed companies

In accordance with article L.225-37 of the French Commercial Code (*Code de Commerce*), Compagnie de Saint-Gobain refers to and complies with all the principles of corporate governance set out in the AFEP-MEDEF corporate governance code for listed companies in France (the "AFEP-MEDEF code").

APPLICATION OF THE AFEP-MEDEF CODE as revised in June 2013	
YES	
Provisions not applied	Reasons for not applying these provisions
None	N/A

BOARD OF DIRECTORS

Membership of the Board of Directors

Directors are elected for a four-year term, in accordance with the recommendations of the AFEP-MEDEF code (article 9 of the bylaws).

Details of the members of the Board of Directors of Compagnie de Saint-Gobain are as follows:

The following information is correct as of February 1, 2014.

Pierre-André de Chalendar

Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

Pierre-André de Chalendar, 55, was appointed Chief Operating Officer of Compagnie de Saint-Gobain on May 3, 2005 and was elected to the Board of Directors by the General Meeting on June 8, 2006, becoming Chief Executive Officer on June 7, 2007 and Chairman and Chief Executive Officer on June 3, 2010. He is also a director of Veolia Environnement and BNP Paribas. Within the Saint-Gobain Group, he is Chairman of the Board of Directors of Verallia and a director of Saint-Gobain Corporation and GIE SGPM Recherche.
He owns 136,323 Saint-Gobain shares.
Business address: Les Miroirs – 92096 La Défense Cedex (France)

Isabelle Bouillot

Chairman of China Equity Links

Isabelle Bouillot, 64, is a director of Umicore and Air France, as well as the Managing Partner of IB Finance.
She owns 1,542 Saint-Gobain shares.
Business address: 42, rue Henri Barbusse – 75005 Paris (France)

Jean-Martin Folz

Corporate Director

Jean-Martin Folz, 67, is a director of Alstom, Axa, Société Générale and Solvay.
He owns 1,699 Saint-Gobain shares.
Business address: Les Miroirs – 92096 La Défense Cedex (France)

Bernard Gautier

Member of the Management Board of Wendel

Bernard Gautier, 54, is also Chairman of Winvest International S.A. SICAR, Oranje-Nassau Développement S.A. SICAR, Expansion 17 S.A. and Global Performance 17 S.A., Chairman of the Management Advisory Board of Winvest Conseil, Legal Manager of Materis Parent, a director of Communication Media Partner, Stahl Holdings BV, Stahl Group S.A., Stahl Lux2, Stichting Administratiekantor II, Stahl Groep II, Trief Corporation, Wendel Japan KK, Winvest Part BV, member of the Supervisory Board of Altineis, and Legal Manager of BG Invest, BJPG Conseil, SCI La République, La Cabane Saint-Gautier, BJPG Participations, BJPG Assets and Sweet Investment Ltd.

He owns 1,132 Saint-Gobain shares.

Business address: 89, rue Taitbout – 75009 Paris (France)

Anne-Marie Idrac

Former Secretary of State for Foreign Trade, Consultant

Anne-Marie Idrac, 62, is also a member of the Supervisory Board of Vallourec, a director of Mediobanca, Total and Bouygues, a member of the Advisory Board of HEC and Vice-Chairman of the Robert Schuman Foundation.

She owns 800 Saint-Gobain shares.

Business address: Les Miroirs – 92096 La Défense Cedex (France)

Sylvia Jay

Corporate Director

Lady Jay, 67, a British citizen, is also a director of Alcatel Lucent, Lazard Limited and Casino Group, Chairman of the Pilgrim Trust, and Trustee of the Entente Cordiale Scholarship Scheme and the Prison Reform Trust.

She owns 1,030 Saint-Gobain shares.

Business address: 38 Markham Street – London SW33NR (United Kingdom)

Pamela Knapp

Member of the Management Board and Chief Financial Officer and Administrative Director of GfK SE

Pamela Knapp, 56, a German national, is also a member of the Supervisory Board and the Finance and Audit Committee of Peugeot S.A. and a member of the Board of Directors of Hostettler, Kramarsch & Partner Holding AG (HKP).

She owns 800 Saint-Gobain shares.

Business address: Nordwestring 101 – 90419 Nuremberg (Germany)

Agnès Lemarchand

Executive Chairman of Steetley Dolomite Limited

Agnès Lemarchand, 59, is also a director of CGG, a member of the Supervisory Board of Areva and Siclae (representing Bpifrance), and an associate member of Conseil Economique, Social et Environmental (CESE) in its economic activities section.

She owns 800 Saint-Gobain shares.

Business address: 19, place de la Résistance – 92130 Issy-les-Moulineaux (France)

Frédéric Lemoine

Chairman of the Management Board of Wendel

Frédéric Lemoine, 48, is also Chairman of the Supervisory Board of Oranje-Nassau Groep BV, Chairman of the Board of Directors of Trief Corporation and Chairman of the Board of Directors of Bureau Veritas.

He owns 835 Saint-Gobain shares.

Business address: 89, rue Taitbout – 75009 Paris (France)

Gérard Mestrallet

Chairman and Chief Executive Officer of GDF Suez

Gérard Mestrallet, 64, is also a director of Pargesa Holding SA and Suez Environnement Company, a member of the Supervisory Board of Siemens AG, Vice-Chairman of Sociedad General de Aguas de Barcelona and, within the GDF Suez Group, he is Chairman of the Board of Directors of GDF Suez Energie Services, Electrabel and GDF Suez Energy Management Trading (formerly GDF Suez Belgium), Chairman of GDF Suez Rassembleurs d'Energies S.A.S., and a director of International Power.

He owns 1,110 Saint-Gobain shares.

Business address: 1, place Samuel de Champlain – Faubourg de l'Arche – 92930 Paris-La-Défense (France)

Jacques Pestre

Senior Vice-President of Point.P, Chairman of the Supervisory Board of the Saint-Gobain PEG France corporate mutual fund

Jacques Pestre, 57, also holds the following positions within the Saint-Gobain Group: Chairman and Chief Executive Officer of BMSO, BMCE, SONEN and Docks de l'Oise, Chairman of the Board of Directors of Comasud, Chairman of BMRA S.A.S., MBM S.A.S., Cibomat S.A.S., Boch Frères S.A.S., Dépôt Services Carrelages S.A.S. and Thuon S.A.S. and permanent representative of Point.P Développement on the Board of Directors of Nouveaux Docks.

He owns 2,535 Saint-Gobain shares.

Business address: Le Mozart – 13/15 rue Germaine Tailleferre – 75940 Paris Cedex 19 (France)

Olivia Qiu

Chief Strategy and Innovation Officer of Philips Lighting, Executive Vice-President of Philips

Olivia Qui, 47, does not hold any other directorships.

She owns 800 Saint-Gobain shares.

Business address: Building HBT-11 – Amstelplein 2 – 1096 BC Amsterdam (The Netherlands)

Denis Ranque

Chairman of the Board of Directors of Airbus Group

Denis Ranque, 62, is also a director of CMA-CMG, Chairman of the Board of Directors of the ParisTech Foundation and Chairman of the AFEP-MEDEF's High Committee on Corporate Governance (*Haut Comité de Gouvernance d'Entreprise*).

He owns 888 Saint-Gobain shares.

Business address: 37, boulevard de Montmorency – 75016 Paris (France)

Gilles Schnepp

Chairman and Chief Executive Officer of Legrand

Gilles Schnepp, 55, is also Chairman and Chief Executive Officer, Chairman of the Board of Directors, President or a director or permanent representative or a corporate director of various Legrand Group subsidiaries.

He owns 800 Saint-Gobain shares.

Business address: 128, avenue du Maréchal de Tassigny – 87045 Limoges Cedex (France)

Jean-Dominique Senard

Chief Executive Officer of Michelin

Jean-Dominique Senard, 61, does not hold any other directorships.

He owns 1,770 Saint-Gobain shares.

Business address: 23, place des Carmes Déchaux – 63040 Clermont-Ferrand Cedex 9 (France)

Philippe Varin

Chairman of the Managing Board of Peugeot S.A.

Philippe Varin, 61, is also Chairman of Peugeot Citroën Automobiles S.A., a director of Banque PSA Finance S.A., PCMA Holding BV and Faurecia S.A., and Chairman of Cercle de l'Industrie.

He owns 1,000 Saint-Gobain shares.

Business address: 75, avenue de la Grande Armée – 75116 Paris (France)

Board secretary: **Antoine Vignial**,

Corporate Secretary of Compagnie de Saint-Gobain.

DIRECTORS' INDEPENDENCE/GENDER PARITY/ REPRESENTATION OF EMPLOYEE SHAREHOLDERS AND EMPLOYEES

In early 2013, as in prior years, the Board reviewed each director's situation in relation to the independence criteria set out in the AFEP-MEDEF code, based on a report prepared by the Appointments, Compensation and Governance Committee. Based on this review, the Board concluded that as of February 1, 2014, all of these criteria were met by eight (53%) of the fifteen[1] directors – Anne-Marie Idrac, Sylvia Jay, Pamela Knapp, Agnès Lemarchand, Olivia Qiu, Denis Ranque, Jean-Dominique Senard and Philippe Varin – and that these eight directors could therefore be qualified as independent. This proportion is in line with the recommendation of the AFEP-MEDEF code that at least half the members of the Board should be independent. After reviewing Philippe Varin's situation, and based on the recommendations of the Appointments, Compensation and Governance Committee[2], the Board of Directors decided that business relationships between PSA Peugeot Citroën and Saint-Gobain were not material as they accounted for less than 1% of PSA Peugeot Citroën's purchases and less than 1% of Saint-Gobain's revenue.

As of February 1, 2014, six of the sixteen Board members were women (37%), a proportion in line with the recommendation of the AFEP-MEDEF code and the requirements of the French Act of January 27, 2011 on gender equality on companies' Boards of Directors.

The Board also includes a director, Jacques Pestre, who represents employee shareholders. Mr. Pestre is concerned by all the provisions of the law and the Company's bylaws applicable to Board members and is entitled to vote at Board meetings in the same way as other directors.

In addition, two members of the Works Council (M-L Daveau and B. de Bengy, who was replaced by V . Cotrel as of the Board Meeting of November 21, 2013) have been elected by the members of the Works Council and employee representatives to attend Board meetings in a consultative capacity.

The Company's bylaws (article 9) stipulate that each director must hold at least 800 shares.

Jean-Louis Beffa, who stepped down from the Board after the Annual General Meeting of June 7, 2012 because he had reached the age limit for serving as a director specified in the bylaws, has been named Honorary Chairman of Compagnie de Saint-Gobain.

RE-ELECTION OF DIRECTORS

The dates on which the current directors were first elected to the Board and the starting dates of their current terms are as follows:

• Gérard Mestrallet	November 1995	June 2011
• Isabelle Bouillot	June 1998	June 2012
• Jean-Martin Folz	March 2001	June 2013
• Sylvia Jay	June 2001	June 2012
• Denis Ranque	June 2003	June 2011
• Pierre-André de Chalendar	June 2006	June 2010
• Bernard Gautier	June 2008	June 2012
• Frédéric Lemoine	April 2009	June 2012
• Gilles Schnepp	June 2009	June 2013
• Anne-Marie Idrac	June 2011	June 2011
• Jacques Pestre	June 2011	June 2011
• Olivia Qiu	June 2011	June 2011
• Jean-Dominique Senard	June 2012	June 2012
• Pamela Knapp	June 2013	June 2013
• Agnès Lemarchand	June 2013	June 2013
• Philippe Varin	June 2013	June 2013

The current directors' terms expire as follows:

- Pierre-André de Chalendar: 2014 Annual General Meeting;
- Anne-Marie Idrac, Olivia Qiu, Gérard Mestrallet, Jacques Pestre and Denis Ranque: 2015 Annual General Meeting;
- Isabelle Bouillot, Bernard Gautier, Sylvia Jay, Frédéric Lemoine and Jean-Dominique Senard: 2016 Annual General Meeting;
- Jean-Martin Folz, Pamela Knapp, Agnès Lemarchand, Gilles Schnepp and Philipp Varin: 2017 Annual General Meeting.

(1) The mandat of Jacques Pestre who represents the employee shareholders has not been taken into account to calculate this percentage, in accordance with the AFEP-MEDEF code.

(2) Since September 19, 2013, the Appointments and Remunerations Committee is called Appointments, Compensation and Governance Commitee.

Other directorships and positions held by members of the Board of Directors in the years prior to 2014

(other than that of a director of Compagnie de Saint-Gobain)

Director's name and current main position (as of February 1, 2014)(1)	2013	2012	2011	2010	2009
Isabelle Bouillot Chairman of China Equity Links	• Chairman of China Equity Links • Director of Umicore and Air France • Managing Partner of IB Finance	• Chairman of China Equity Links • Director of Umicore • Managing Partner of IB Finance • Director of Dexia (until May 2012)	• Chairman of China Equity Links • Director of Umicore • Managing Partner of IB Finance • Director of Dexia	• Chairman of China Equity Links • Director of Umicore • Managing Partner of IB Finance • Director of Dexia	• Chairman of China Equity Links • Director of Accor and Umicore • Managing Partner of IB Finance • Observer on the Board of Directors of Dexia
Pierre-André de Chalendar Chairman and Chief Executive Officer of Compagnie de Saint-Gobain	• Chairman and Chief Executive Officer of Compagnie de Saint-Gobain • Director of Veolia Environnement and BNP Paribas • Within the Saint-Gobain Group, Director of Saint-Gobain Corporation and GIE SGPM Recherche and Chairman of the Board of Directors of Verallia	• Chairman and Chief Executive Officer of Compagnie de Saint-Gobain • Director of Veolia Environnement and BNP Paribas • Within the Saint-Gobain Group, Director of Saint-Gobain Corporation and GIE SGPM Recherche and Chairman of the Board of Directors of Verallia	• Chairman and Chief Executive Officer of Compagnie de Saint-Gobain • Director of Veolia Environnement • Within the Saint-Gobain Group, Director of Saint-Gobain Corporation and GIE SGPM Recherche and Chairman of the Board of Directors of Verallia	• Chief Executive Officer of Compagnie de Saint-Gobain • Within the Saint-Gobain Group, Director of Saint-Gobain Corporation and GIE SGPM Recherche	• Chief Executive Officer of Compagnie de Saint-Gobain • Within the Saint-Gobain Group, Director of Saint-Gobain Corporation and GIE SGPM Recherche
Jean-Martin Folz Corporate Director	• Chairman of the Board of Directors (until September 16, 2013) and Director (until November 7, 2013) of Eutelsat Communications • Director of Société Générale, Alstom, Axa and Solvay	• Chairman of the Board of Directors of Eutelsat Communications • Director of Société Générale, Alstom, Axa and Solvay • Member of the Supervisory Board of ONF Participations S.A.S. (until December 31, 2012)	• Director of Société Générale, Alstom, Axa, Carrefour and Solvay • Member of the Supervisory Board of ONF Participations S.A.S.	• Chairman of AFEP • Director of Société Générale, Alstom, Carrefour and Solvay • Member of the Supervisory Board of Axa and ONF Participations S.A.S.	• Chairman of AFEP • Director of Société Générale, Alstom and Solvay • Member of the Supervisory Board of Axa and Carrefour
Bernard Gautier Member of the Management Board of Wendel	• Member of the Management Board of Wendel • Chairman of Winvest International S.A. SICAR, Oranje-Nassau Développement S.A. SICAR, Expansion 17 S.A. and Global Performance 17 S.A. • Chairman of the Management Advisory Board of Winvest Conseil • Legal Manager of Materis Parent • Director of Communication Media Partner, Stahl Holdings BV, Stahl Group S.A., Stahl Lux2, Stichting Administratickantor II, Stahl Groep II, Trief Corporation, Wendel Japan KK and Winvest Part BV • Member of the Supervisory Board of Altineis • Legal Manager of BG Invest, BJPG Conseil, SCI La République, La Cabane Saint-Gautier, BJPG Participations, BPJG Assets and Sweet Investment Ltd	• Member of the Management Board of Wendel • Chairman of Winvest International S.A. SICAR and Oranje-Nassau Développement S.A. SICAR • Chairman of the Management Advisory Board of Winvest Conseil • Legal Manager of Materis Parent • Director of Communication Media Partner, Stahl Holdings BV, Stahl Group S.A., Stahl Lux2, Stichting Administratickantor II, Stahl Groep II, Trief Corporation, Wendel Japan KK, Winvest Part BV and Sofisamc • Vice-Chairman of the Board of Directors of Deutsch Group S.A.S. • Member of the Supervisory Board of Altineis • Legal Manager of BG Invest, BJPG Conseil, SCI La République, La Cabane Saint-Gautier, BJPG Participations, BPJG Assets and Sweet Investment Ltd	• Member of the Management Board of Wendel • Chairman of Winvest International S.A. SICAR • Chairman of the Management Advisory Board of Winvest Conseil • Legal Manager of Materis Parent • Director of Communication Media Partner, Stahl Holdings BV, Stahl Group S.A., Stahl Lux2, Stichting Administratickantor II, Stahl Groep II, Trief Corporation, Wendel Japan KK and Winvest Part BV • Member of the Management Committee of Deutsch Group S.A.S. • Member of the Supervisory Board of Altineis • Legal Manager of BG Invest, BJPG Conseil, SCI La République, La Cabane Saint-Gautier, BJPG Participations, BPJG Assets and Sweet Investment Ltd	• Member of the Management Board of Wendel • Chairman of Winvest International S.A. SICAR • Chairman of the Management Advisory Board of Winvest Conseil • Member of the Supervisory Board of Legron BV and Materis Parent • Director of Communication Media Partner, Stahl Holdings BV and Group BV, Trief Corporation and Wendel Japan KK • Member of the Management Committee of Deutsch Group S.A.S. • Member of the Supervisory Board of Altineis • Legal Manager of BG Invest, BJPG Conseil, SCI La République, La Cabane Saint-Gautier, BJPG Participations, BPJG Assets and Sweet Investment Ltd	• Member of the Management Board of Wendel • Chairman of Winvest International S.A. SICAR • Chairman of the Management Advisory Board of Winvest Conseil • Director of Communication Media Partner, Stahl Holdings BV and Group BV, Trief Corporation and Wendel Japan KK • Member of the Management Committee of Deutsch Group S.A.S. • Member of the Supervisory Board of Altineis (SCIP) • Legal Manager of BG Invest, BJPG Conseil, SCI La République, La Cabane Saint-Gautier, BJPG Participations, BPJG Assets and Sweet Investment Ltd
Anne-Marie Idrac Consultant	• Member of the Supervisory Board of Vallourec • Director of Mediobanca, Total and Bouygues • Member of the Advisory Board of HEC • Vice-Chairman of the Robert Schuman Foundation	• Member of the Supervisory Board of Vallourec • Director of Mediobanca, Total and Bouygues • Member of the Advisory Board of HEC • Vice-Chairman of the Robert Schuman Foundation	• Director of the Robert Schuman Foundation • Member of the Advisory Board of HEC	• Secretary of State for Foreign Trade • Director of the Robert Schuman Foundation • Member of the Advisory Board of HEC	• Secretary of State for Foreign Trade • Director of the Robert Schuman Foundation • Member of the Advisory Board of HEC

(1) For the up-to-date list of directorships and other positions held as of February 1, 2014, see pages 77 to 79.

Director's name and current main position (as of February 1, 2014)[1]	2013	2012	2011	2010	2009
Sylvia Jay Corporate Director	• Chairman of L'Oréal UK & Ireland (until July 31, 2013) • Director of Alcatel Lucent, Lazard Limited and Casino Group • Chairman of the Pilgrim Trust • Trustee of the Entente Cordiale Scholarship Scheme and the Prison Reform Trust	• Chairman of L'Oréal UK & Ireland • Director of Alcatel Lucent, Lazard Limited and Casino Group • Chairman of the Pilgrim Trust • Trustee of the Entente Cordiale Scholarship Scheme and the Prison Reform Trust	• Chairman of L'Oréal UK & Ireland • Director of Alcatel Lucent and Lazard Limited • Chairman of the Pilgrim Trust • Trustee of the Entente Cordiale Scholarship Scheme, the Prison Reform Trust and The Body Shop Foundation	• Vice-Chairman of L'Oréal UK • Director of Alcatel Lucent and Lazard Limited • Chairman of the Pilgrim Trust • Trustee of the Entente Cordiale Scholarship Scheme, the Prison Reform Trust and The Body Shop Foundation	• Vice- Chairman of L'Oréal UK • Director of Alcatel Lucent and Lazard Limited • Chairman of the Pilgrim Trust and Food from Britain • Trustee of the Entente Cordiale Scholarship Scheme, the Prison Reform Trust and The Body Shop Foundation
Pamela Knapp Member of the Management Board and Chief Financial Officer and Administrative Director of GfK SE	• Member of the Management Board and Chief Financial Officer and Administrative Director of GfK SE • Member of the Supervisory Board and of the Finance and Audit Committee of Peugeot S.A. • Member of the Board of Directors of Hostettler and Kramarsch & Partner Holding AG (HKP)	• Director of Monier Holding GP, Luxembourg • Member of the Supervisory Board and of the Finance and Audit Committee of Peugeot SA	• Director of Monier Holding GP, Luxembourg • Member of the Supervisory Board and of the Finance and Audit Committee of Peugeot SA	• Director of Monier Holding GP, Luxembourg	
Agnès Lemarchand Executive Chairman of Steetley Dolomite Limited	• Executive Chairman of Steetley Dolomite Limited • Director of CGG • Member of the Supervisory Board of Areva and Siclae • Associate member of *Conseil Economique, Social et Environnemental* (CESE) in its economic activities section	• Executive Chairman of Steetley Dolomite Limited • Member of the Supervisory Board of Areva, Siclae and Mersen • Associate member of *Conseil Economique, Social et Environnemental* (CESE) in its economic activities section	• Executive Chairman of Steetley Dolomite Limited • Member of the Supervisory Board of Areva, Siclae and Mersen	• Executive Chairman of Steetley Dolomite Limited • Member of the Supervisory Board of Areva, Siclae and Mersen	• Executive Chairman of Steetley Dolomite Limited • Member of the Supervisory Board of Mersen
Frédéric Lemoine Chairman of the Management Board of Wendel	• Chairman of the Management Board of Wendel • Chairman of the Supervisory Board of Oranje-Nassau Groep BV • Chairman of the Board of Directors of Trief Corporation • Chairman of the Board of Directors of Bureau Véritas (since November 5, 2013) • Director of Legrand (until July 31, 2013)	• Chairman of the Management Board of Wendel • Chairman of the Supervisory Board of Oranje-Nassau Groep BV • Chairman of the Board of Directors of Trief Corporation • Vice-Chairman of the Board of Directors of Bureau Véritas • Director of Legrand	• Chairman of the Management Board of Wendel • Chairman of the Supervisory Board of Oranje-Nassau Groep BV • Chairman of the Board of Directors of Trief Corporation • Vice-Chairman of the Board of Directors of Bureau Véritas • Director of Flamel Technologies, Groupama and Legrand • Chairman of Winbond S.A.S.	• Chairman of the Management Board of Wendel • Chairman of the Supervisory Board of Oranje-Nassau Groep BV • Chairman of the Board of Directors of Trief Corporation • Vice-Chairman of the Board of Directors of Bureau Véritas • Director of Flamel Technologies, Groupama and Legrand • Chairman of Winbond S.A.S.	• Chairman of the Management Board of Wendel • Chairman of the Supervisory Board of Oranje-Nassau Groep BV • Chairman of the Board of Directors of Trief Corporation • Vice-Chairman of the Board of Directors of Bureau Véritas • Director of Flamel Technologies, Groupama and Legrand • Chairman of Winbond S.A.S.
Gérard Mestrallet Chairman and Chief Executive Officer of GDF Suez	• Chairman and Chief Executive Officer of GDF Suez • Chairman of the Board of Directors of GDF Suez Energie Services, Suez Environment Company, Electrabel (Switzerland) and GDF Suez Energy Management Trading (formerly GDF Suez Belgium) • Chairman of GDF Suez Rassembleurs d'Energies S.A.S. • Vice-Chairman of the Board of Directors of Sociedad General de Aguas de Barcelona (Spain) • Director of International Power (United Kingdom) and Pargesa Holding S.A. (Switzerland) • Member of the Supervisory Board of Siemens AG (Germany) (since January 23, 2013)	• Chairman and Chief Executive Officer of GDF Suez • Chairman of the Board of Directors of GDF Suez Energie Services, Suez Environment Company, Electrabel and GDF Suez Belgium • Chairman of GDF Suez Rassembleurs d'Energies S.A.S. • Vice-Chairman of the Board of Directors of Sociedad General de Aguas de Barcelona (Spain) • Director of International Power (United Kingdom) and Pargesa Holding S.A. (Switzerland)	• Chairman and Chief Executive Officer of GDF Suez • Chairman of the Board of Directors of GDF Suez Energie Services, Suez Environment Company, GDF Suez Belgium and Suez-Tractebel (Belgium) (until January 25, 2011) • Chairman of GDF Suez Rassembleurs d'Energies S.A.S. (from October 27, 2011) • Vice-Chairman of the Board of Directors of Electrabel (Belgium) and Sociedad General de Aguas de Barcelona (Spain) • Director of International Power (United Kingdom) (from February 3, 2011) and Pargesa Holding S.A. (Switzerland)	• Chairman and Chief Executive Officer of GDF Suez • Chairman of the Board of Directors of GDF Suez Energie Services, Suez Environment Company, Suez-Tractebel (Belgium), GDF Suez Belgium (since December 16, 2010) and Hisusa (Spain) (until June 7, 2010) • Vice-Chairman of the Board of Directors of Electrabel (Belgium) and Sociedad General de Aguas de Barcelona (Spain) • Director of Pargesa Holding S.A. (Switzerland) • Member of the Supervisory Board of Axa (until April 29, 2010)	• Chairman and Chief Executive Officer of GDF Suez • Chairman of the Board of Directors of GDF Suez Energie Services, Hisusa (Spain) (from October 5, 2009), Suez Environment Company and Suez-Tractebel (Belgium) • Vice-Chairman of the Board of Directors of Electrabel (Belgium), Hisusa (Spain) (until June 5, 2009) and Sociedad General de Aguas de Barcelona (Spain) • Director of Pargesa Holding S.A. (Switzerland) • Member of the Supervisory Board of Axa

(1) *For the up-to-date list of directorships and other positions held as of February 1, 2014, see pages 77 to 79.*

Director's name and current main position (as of February 1, 2014)[1]	2013	2012	2011	2010	2009
Jacques Pestre Senior Vice-President of Point.P	• Senior Vice-President of Point.P • Chairman and Chief Executive Officer of BMSO, BMCE, SONEN and Docks de l'Oise • Chairman of the Board of Directors of Comasud • Chairman of BMRA S.A.S., MBM S.A.S., Cibomat S.A.S., Boch Frères S.A.S., Dépôt Services Carrelages S.A.S. and Thuon S.A.S. • Permanent representative of Point.P Développement on the Board of Directors of Nouveaux Docks • Chairman of the Supervisory Board of FCPE Saint-Gobain PEG France (the mutual fund for the Saint-Gobain Group Savings Plan)	• Senior Vice-President of Point.P • Chairman and Chief Executive Officer of BMSO, BMCE, SONEN and Docks de l'Oise • Chairman of the Board of Directors of Comasud • Chairman of BMRA S.A.S., MBM S.A.S., Cibomat S.A.S., Boch Frères S.A.S., Dépôt Services Carrelages S.A.S. and Thuon S.A.S. • Permanent representative of Point.P Développement on the Board of Directors of Nouveaux Docks • Chairman of the Supervisory Board of FCPE Saint-Gobain PEG France (the mutual fund for the Saint-Gobain Group Savings Plan)	• Senior Vice-President of Point.P • Chairman and Chief Executive Officer or Director of the following Saint-Gobain Building Distribution companies: BMRA, Comasud, Cibomat, Dépôt Services Carrelages, La Plateforme, Boch Frères, Thuon, Distribution Aménagement et Isolation, Asturienne • Chairman of the Supervisory Board of FCPE Saint-Gobain PEG France (the mutual fund for the Saint-Gobain Group Savings Plan)	• Regional Vice-President of Point.P • Chairman and Chief Executive Officer or Director of the following Saint-Gobain Building Distribution companies: BMRA, Comasud, Cibomat, Dépôt Services Carrelages, La Plateforme, Boch Frères • Alternate Member of the Supervisory Board of FCPE Saint-Gobain PEG France (the mutual fund for the Saint-Gobain Group Savings Plan)	• Regional Vice-President of Point.P • Chairman and Chief Executive Officer or Director of the following Saint-Gobain Building Distribution companies: BMRA, Comasud, Cibomat, Dépôt Services Carrelages, La Plateforme, Boch Frères • Alternate Member of the Supervisory Board of FCPE Saint-Gobain PEG France (the mutual fund for the Saint-Gobain Group Savings Plan)
Olivia Qiu Chief Strategy and Innovation Officer of Philips Lighting Executive Vice-President of Philips	• Global Head of Strategic Industries, Alcatel-Lucent (until September 2013)	• Global Head of Strategic Industries, Alcatel-Lucent	• Global Head of Strategic Industries, Alcatel-Lucent	• Regional Vice-President of Alcatel-Lucent for East Asia • Chief Executive Officer of Alcatel-Lucent Shanghai Bell • Director of Alcatel-Lucent Shanghai Bell • Vice-Chairman of the Board of Directors of Alcatel-Lucent Qingdao Telecommunications • Chairman of the Board of Directors of Alcatel-Lucent Shanghai Bell Enterprise Communications Co., Ltd, Alcatel-Lucent Sichuan Bell Communication System Co. Ltd, Lucent Technologies Qingdao Telecommunications Enterprise Co. Ltd, Lucent Technologies Information & Communications of Shanghai Ltd	• Regional Vice-President of Alcatel-Lucent for East Asia • Chief Executive Officer of Alcatel-Lucent Shanghai Bell • Director of Alcatel-Lucent Shanghai Bell • Vice-Chairman of the Board of Directors of Alcatel-Lucent Qingdao Telecommunications • Chairman of the Board of Directors of Alcatel-Lucent Shanghai Bell Enterprise Communications Co., Ltd, Alcatel-Lucent Sichuan Bell Communication System Co. Ltd, Lucent Technologies Qingdao Telecommunications Enterprise Co. Ltd, Lucent Technologies Information & Communications of Shanghai Ltd
Denis Ranque Chairman of the Board of Directors of Airbus Group	• Chairman of the Board of Directors of EADS (since April 2, 2013) • Director of CMA-CGM • Chairman of the ParisTech Foundation • Chairman of the AFEP-MEDEF High Committee on Corporate Governance	• Chairman of the Board of Directors of Technicolor (until June 2012) • Chairman of the Board of Directors of Scilab Entreprises • Director of CMA-CGM, CGG Veritas and Fonds Stratégique d'Investissement (FSI) • Chairman of the Board of Directors of Mines Paris Tech, Cercle de l'Industrie and Association Nationale Recherche et Technologie	• Chairman of the Board of Directors of Technicolor • Chairman of the Board of Directors of Scilab Entreprises • Director of CMA-CGM and CGG Veritas • Chairman of the Board of Directors of Mines Paris Tech, Cercle de l'Industrie and Association Nationale Recherche et Technologie	• Chairman of the Board of Directors of Technicolor • Chairman of the Board of Directors of Mines Paris Tech, Cercle de l'Industrie and Association Nationale Recherche et Technologie • Director of CMA-CGM	• Chairman and Chief Executive Officer of Thales • Chairman of the Board of Directors of the *Ecole Nationale Supérieure des Mines de Paris* and the *Cercle de l'Industrie* • First Vice-Chairman of GIFAS • Director of CMA-CGM

(1) For the up-to-date list of directorships and other positions held as of February 1, 2014, see pages 77 to 79.

Director's name and current main position (as of February 1, 2014)(1)	2013	2012	2011	2010	2009
Gilles Schnepp Chairman and Chief Executive Officer of Legrand	• Chairman and Chief Executive Officer of Legrand • Chairman and Chief Executive Officer, Chairman of the Board of Directors, President, Legal Manager, Director or permanent representative of Legrand subsidiaries	• Chairman and Chief Executive Officer of Legrand • Chairman and Chief Executive Officer, Chairman of the Board of Directors, President, Legal Manager, Director or permanent representative of Legrand subsidiaries	• Chairman and Chief Executive Officer of Legrand • Chairman and Chief Executive Officer, Chairman of the Board of Directors, Chairman or Member of the Supervisory Board, President, Legal Manager, Director or permanent representative of Legrand subsidiaries	• Chairman and Chief Executive Officer of Legrand • Chairman and Chief Executive Officer, Chairman of the Board of Directors, Chairman or Member of the Supervisory Board, President, Legal Manager, Director or permanent representative of Legrand subsidiaries	• Chairman and Chief Executive Officer of Legrand • Chairman and Chief Executive Officer, Chairman of the Board of Directors, Chairman or Member of the Supervisory Board, President, Legal Manager, Director or permanent representative of Legrand subsidiaries
Jean-Dominique Senard Chief Executive Officer of Michelin	• Chief Executive Officer of Michelin • Director of SEB (until May 14, 2013)	• Chief Executive Officer of Michelin • Director of SEB	• Managing General Partner of Michelin • Director of SEB	• Non-General Managing Partner of Michelin • Director of SEB	• Non-General Managing Partner of Michelin • Director of SEB
Philippe Varin Chairman of the Managing Board of Peugeot S.A.	• Chairman of the Managing Board of Peugeot S.A. • Chairman of Peugeot Citroën Automobiles S.A. • Director of Banque PSA Finance S.A. • Director of PCMA Holding BV • Director of Faurecia S.A. • Director of BG Group Plc (until February 2013) • Chairman of *Cercle de l'Industrie*	• Chairman of the Managing Board of Peugeot S.A. • Chairman of Peugeot Citroën Automobiles S.A. • Director of Banque PSA Finance S.A. • Director of PCMA Holding BV • Director of Faurecia S.A. • Director of BG Group Plc • Director of Gefco S.A. (until December 20, 2012) • Chairman of *Cercle de l'Industrie* (from April 27, 2012)	• Chairman of the Managing Board of Peugeot S.A. • Chairman of Peugeot Citroën Automobiles S.A. • Director of Banque PSA Finance S.A. • Director of PCMA Holding BV • Director of Faurecia S.A. • Director of BG Group Plc • Director of Gefco S.A.	• Chairman of the Managing Board of Peugeot S.A. • Chairman of Peugeot Citroën Automobiles S.A. • Director of Banque PSA Finance S.A. • Director of PCMA Holding BV • Director of Faurecia S.A. • Director of BG Group Plc • Director of Gefco S.A.	• Chairman of the Managing Board of Peugeot S.A. • Chairman of Peugeot Citroën Automobiles S.A. • Director of Banque PSA Finance S.A. • Director of PCMA Holding BV • Director of Faurecia S.A. • Director of BG Group Plc • Director of Gefco S.A. • Director of Tata Steel Europe Ltd (until April 2009) • Director of Tata Steel Ltd (until April 2009) • Director of Tata Steel UK Ltd (until April 2009)

To the best of Compagnie de Saint-Gobain's knowledge, as of the date of this registration document, there are no family relationships between the Company's directors and, in the last five years, no director has been found guilty of fraud, been associated with a bankruptcy, sequestration or liquidation, been incriminated by or subject to an official public sanction issued by a statutory or regulatory authority, or been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer of securities or from taking part in managing or conducting an issuer's business.

To the best of the Company's knowledge, there are no conflicts of interest between Compagnie de Saint-Gobain and the personal and professional activities of the members of its Board of Directors(2) and there are no service contracts between any members of the Board and either Compagnie de Saint-Gobain or any of its subsidiaries.

BOARD ORGANIZATION AND PRACTICES

At its meeting on June 3, 2010, the Board of Directors of Compagnie de Saint-Gobain decided to recombine the functions of Chairman and Chief Executive Officer by appointing Pierre-André de Chalendar as Chairman and Chief Executive Officer and naming Jean-Louis Beffa as Honorary Chairman, effective from the date of the meeting. The roles of Chairman and Chief Executive Officer were separated in June 2007 to ensure a smooth handover of powers from Jean-Louis Beffa – then reaching the age limit for the position of Chief Executive Officer – and Pierre-André de Chalendar. Combining the two roles helps to ensure more responsive and efficient corporate governance and strategic management of Compagnie de Saint-Gobain. It is particularly advantageous in a period of challenging economic conditions. Moreover, the decision to combine the two roles once again was in line with the Group's longstanding management tradition. In the Board's 2013 assessment of its organization and procedures (see page 85), virtually all of the directors were satisfied that the decision to unite the functions

(1) For the up-to-date list of directorships and other positions held as of February 1, 2014, see pages 77 to 79.
(2) See page 79 regarding the independence of the members of the Board of Directors.

three years ago was and remained appropriate. They did not express a desire to appoint a senior independent director. Ultimately, the key factor of a good governance is that the other members of the Board serve as a counterweight to the Chairman and Chief Executive Officer. This is the case of all the directors and the chairmen of the committees of the Board, all of whom are extremely competent and experienced, and also of the permanent representatives of the main shareholders (Wendel and the PEG corporate mutual fund). There will also be two new directors who will be appointed by the Saint-Gobain Group Works Council to represent employees and who will be additional counterweights following the June 5, 2014 Annual General Meeting, subject to shareholder approval of related amendments to the bylaws.

In line with the guidelines in the AFEP-MEDEF corporate governance code for listed companies, the Board of Directors adopted a set of internal rules in 2003, which have since been updated several times. The version applicable as of February 1, 2014 was approved by the Board of Directors during its meeting of September 19, 2013, including a number of changes made subsequent to the Board's assessment of its procedures (see page 85) and revisions to the AFEP-MEDEF code.

The Internal Rules of the Board of Directors describe the Board's organization and practices. They can be summarized as follows:

I - *Board meetings.*

The Board holds seven scheduled meetings each year. The minutes of each meeting are sent to the directors at the same time as the agenda for the next meeting. They are approved at that meeting and the final minutes are then sent with the agenda for the following meeting. Except for the meetings held to approve the annual financial statements of the Company and the Group and the registration document, directors who take part using videoconference or other telecommunication technologies without any break in transmission, enabling them to be identified and to participate actively in the discussion, are deemed to be present for the calculation of the quorum and voting majority.

II – *Information for directors.*

Each time a meeting is called, directors are provided with various financial analyses, press cuttings about the Saint-Gobain Group published in the period since the last Board meeting, and copies of the presentations to be made during the meeting. The information file for the meeting to approve the annual financial statements also includes the draft registration document, consolidated financial statements and Company financial statements, while the file for the meeting to approve the interim financial statements includes the draft interim consolidated financial statements and Company financial statements. The information file handed out to the directors at each meeting includes an analysis of the Group's year-to-date operating income and its net debt at the previous month-end, plus details of Saint-Gobain's share performance compared with the CAC 40 and an industry index. One Board meeting is held at a different site each year, to give the directors an opportunity to also visit the site concerned. Between meetings, the directors receive copies of all press releases issued by the Company, along with relevant information about events or transactions that are material for the Group. The directors have the right to ask for all other documents that they consider necessary to make an informed contribution to the Board's discussions; the request is made to the Chairman and Chief Executive Officer who may submit the request to the Board for a decision. Directors may also ask to meet senior executives of the Group and to request that no executive directors are present; in the latter case, the request is made to the Chairman and Chief Executive Officer who may submit the request to the Board for a decision.

III - *Board activities.*

The Board examines all issues that fall within its remit as specified in the applicable laws and regulations and the Company's bylaws. For instance, the Board meets annually to review and approve the budget for the Saint-Gobain Group. In addition, a meeting is held at least once a year to review and decide on the Group's overall strategy. All capital expenditure, restructuring, acquisition and financial investment and divestment projects individually representing over €150 million must be submitted to the Board for prior approval, along with any material transactions that fall outside the Group's stated strategy. For urgent matters where there is not enough time to call a Board meeting, the Chairman and Chief Executive Officer provides the directors with all relevant information by the most efficient method in order to obtain their opinion. The Board's practices are reviewed during at least one meeting each year and formal assessments of its organization and practices are conducted periodically on the initiative of the Appointments, Compensation and Governance Committee[1]. The results of the assessment are reviewed at the next Board meeting. Every year, the Board also reviews each director's situation in relation to the independence criteria set out in the AFEP-MEDEF code, based on a report prepared by the Appointments, Compensation and Governance Committee. The results of the review are reported to shareholders in the annual report. Lastly, the non-executive directors may meet during or after one Board meeting without the executive director being present, so that they can assess the executive director's performance and consider the Group's future senior management line-up.

(1) The Appointments Commitee was renamed the Appointments, Compensation and Governance Commitee on September 19, 2013.

IV – *Committees of the Board.*

Three committees of the Board – the Financial Statements Committee, the Appointments, Compensation and Governance Committee, and the Strategy and Corporate Social Responsibility Committee* – prepare presentations of the issues submitted to the Board in their respective areas. These committees, whose members are appointed by the Board, may commission technical reports by outside experts the costs of which are paid by Compagnie de Saint-Gobain and consult Group executives after notifying the Chairman and Chief Executive Officer. The Board's internal rules also cover the duties and practices of the three committees of the Board. A description of their duties is provided below in the section on each committee.

V - *Directors' obligations and duties.*

Under French securities regulations, directors are qualified as permanent insiders and as such are required to comply with the laws and regulations concerning insider trading. Directors are also prohibited from trading directly or indirectly in Compagnie de Saint-Gobain's shares or in derivative instruments that have Compagnie de Saint-Gobain's shares as the underlying, during the 45 days preceding the Board meetings at which the annual and interim consolidated financial statements are reviewed and the day after these meetings (referred to as "negative windows")[1].

Beyond the duty of discretion imposed by law, directors are required to treat as strictly confidential all documents and information submitted to the Board and all matters discussed during Board meetings, for as long as they have not been made public.

Directors must also avoid any actual or potential conflicts of interest, whether direct or indirect, and if any such conflicts of interest should arise, they must inform the Chairman and Chief Executive Officer and refrain from participating in discussions and votes on the topics concerned.

In accordance with French securities legislation, directors must disclose to the *Autorité des Marchés Financiers* (AMF) details of all of their transactions in Compagnie de Saint-Gobain shares.

VI - *Attendance fees.*

The attendance fees approved by shareholders at the Annual General Meeting (June 8, 2006: €800,000) are allocated by the Board of Directors among its members. For further information, see the related section of this document[2].

VII - *Other provisions of the internal rules.*

Directors can ask for additional training about the Group's specific characteristics, businesses and operating segments. Those appointed to the Financial Statements Committee may ask for training in the accounting, financial and operational aspects of the Group's activities. Directors attend General Meetings of shareholders.

BOARD ASSESSMENTS

Assessments of the Board's performance are carried out each year, in accordance with its internal rules. These assessments are conducted at the initiative of the Appointments, Compensation and Governance Committee, with the assistance of outside consultants every three years and, in intermediate years, based on a questionnaire sent to each director by the Committee Chairman[3].

The organization of the 2013 assessment was decided by the Board at its meeting of March 22, 2012, based on the recommendations of the Appointments Committee. The directors decided to conduct the exercise with the assistance of outside consultants. All sixteen of the directors remaining in office until the Annual Meeting of June 6, 2013 were consulted as a part of the process and participated in the Board assessment process. The Committee devoted its July 19, 2013 meeting to the assessment and reported on its findings to the Board of Directors on July 24, 2013.

The assessment revealed that the vast majority of the directors were satisfied with the organization, procedures and governance of the Board of Directors, thus confirming and building on the positive outcome of prior assessments, with a majority of directors saying that governance had further improved.

The directors considered that the Board functioned well, was independent and competent, addressed all of the topics within its remit and had access to the information it required to fulfill its role. They observed that the individual members expressed themselves openly, intelligently, freely and independently, and that the Board had a good group dynamic.

In their related report, the consultants made nineteen recommendations for further improvement that were all taken up by the Board of Directors. Concerning the procedures of the Board and its committees, they notably recommended that Board and committee agendas be drawn up at the end of the year for the following year. Concerning the committees of the Board, they recommended that the Appointments Committee be renamed the Appointments, Compensation and Governance Committee, that a discussion be held concerning the potential re-election of the Chairman and Chief Executive Officer at the June 5, 2014 Annual General Meeting and, in a longer-term view, that members review internal candidates for succession in the event of foreseen or unforeseen events. Lastly, concerning the Board of Directors, they advised notably: that the members formally approve the budget or that they open up a discussion about the size of the currently 16-member Board, taking gender parity objectives into account, the number of independent directors, and the presence of employees and employee shareholders among its members.

** Since September 19, 2013, the Strategy Committee is called Strategy and Corporate Social Responsibility Committee.*

(1) The ban of trading in the Company's shares during this negative windows also applies to senior executives and other employees with access to inside information.

(2) See page 89

(3) For details of the 2012 assessment see 2012 Registration Document, page 81.

DIRECTORS' INDUCTION PROCESS

The Board of Directors meets once a year at one of the Group's plants or research centers. In 2013, the Board of Directors visited the Dahl (Building Distribution) logistics center in Langhus, Norway. Each new director may ask for training on the topic of his or her choice and visit the Group's plants, distribution facilities or research centers. As part of the 2013 induction process, the new directors were able to tour various manufacturing or Building Distribution units and request to meet the Sector Presidents or members of senior management.

Board meetings

The Board of Directors met nine times in 2013, with an average attendance rate of 90%. Seven of the nineteen directors participated in all of the meetings (the Board has sixteen members, but three directors' terms expired during the year and were replaced). Eight missed just one meeting, two missed two meetings and one missed three.

At each meeting, the Board reviewed the Group's situation. At six of the nine meetings, including a half-day seminar devoted to presentations by the Sector Presidents, the Board discussed and approved the Group's strategic goals or a specific aspect of the strategy (such as disposals and acquisitions in progress, a benchmark with the main competitors, the situation of a Sector or Activity in a particular country, etc.), where appropriate after hearing the comments of the member of senior management responsible for the Activity concerned.

In line with its statutory role, the Board approved the annual and interim financial statements of the Company and the Group, as well as the various reports issued with the financial statements, after hearing the comments of the Financial Statements Committee and the auditors. The Board decided on the fixed and variable compensation to be paid to Pierre-André de Chalendar. It approved the resolutions to be tabled at the Annual General Meeting as well as the various reports and documents containing financial projections. It discussed the Company's gender equality and equal pay policies, and renewed the authorizations to issue bonds and guarantees.

In line with the recommendations in the AFEP-MEDEF corporate governance code for listed companies, it assessed its practices. It also assessed the situation of each director in relation to the independence criteria included in the AFEP-MEDEF code and discussed the re-election of Pierre-André de Chalendar whose term expires at the close of the Annual General Meeting on June 5, 2014. At its meeting on November 21, 2013 the Board of Directors reaffirmed its confidence in Pierre-André de Chalendar and decided to ask shareholders to re-elect him as director at the June 5, 2014 Annual General Meeting.

At one of its meetings, an item on the agenda was devoted to sustainable development and corporate social responsibility.

The Board examined the situation of the Company and the Group in relation to certain risks, procedures, claims, and regulatory changes, and reviewed implementation of the Group's Compliance program as well as the changes made to this program.

It decided on the stock option and performance share plans to be set up for certain categories of employees, including the applicable performance criteria, and approved in principle the creation of performance units. As part of the ongoing drive to promote employee share ownership, the Board decided to launch a new employee rights issue for current and former employees, corresponding to just under 1% of the Company's capital. Lastly, it decided on the method for appointing two directors to represent employees on the Board, as proposed in a resolution to be presented at the Annual General Meeting on June 5, 2014 in compliance with the provisions of the French Act of June 14, 2013 providing for employee representation on Boards of Directors.

COMMITTEES OF THE BOARD

Financial Statements Committee

Chairman:

Jean-Dominique Senard
(since June 6, 2013)

Members:

Agnès Lemarchand
Frédéric Lemoine
Denis Ranque

As of the end of February 2014, three of the four Committee members (75%), including its Chairman, were independent directors. No executive directors sit on the Committee. By virtue of their current or past positions, each Committee member has considerable experience and high-level expertise in financial and accounting matters.

In line with the Board of Directors' internal rules in force at end-February 2014, the Financial Statements Committee:

- oversees the following matters without encroaching on the role specifically vested in the Board of Directors:
  - the processes used to prepare financial information,
  - the efficiency of internal control and risk management systems,
  - the work performed by the auditors on the financial statements of the Company and the Group,
  - the auditors' independence;

- ensures that any questions relating to the preparation and control of accounting and financial information are followed up, that the accounting policies used to prepare the financial statements are both appropriate and applied consistently from one period to the next, and that the internal procedures used to collect and control accounting and financial information provide the necessary assurance in this regard.
- reviews the interim and annual financial statements of the Company and the Group, as presented by senior management, prior to their examination by the Board of Directors;
- reviews the scope of consolidation and the reasons why any companies have been excluded;
- reviews material risks and off-balance sheet commitments, based on an explanatory report prepared by the Chief Financial Officer;
- receives updates from senior management on the organization and operation of the risk management system;
- reviews the Group's internal control action plan and receives updates at least once a year on the plan's results;
- makes recommendations concerning the organization of the internal audit function and receives a copy of the internal audit program as well as executive summaries of the internal audit reports;
- reviews the external auditors' work plan and conclusions as well as the post-audit report prepared by the auditors concerning their main observations and the accounting options selected for the preparation of the financial statements;
- conducts the auditor selection process, expresses an opinion on the proposed statutory audit fee budget, submits the results of the selection process to the Board and puts forward candidates to be appointed by the shareholders;
- reviews the advisory and other services that the auditors and the members of their network are authorized to provide to Compagnie de Saint-Gobain and other Group entities under audit or independence rules;
- obtains from the auditors the breakdown of the fees paid to them and to the members of their network by the Group over the past year, by category of service, and reports to the Board its opinion concerning the auditors' independence.

The Financial Statements Committee met three times in 2013: in February, July and September, with an attendance rate of 85%. Two of these meetings, held in February and July, were devoted to reviewing in detail the financial statements of the Company and Group for the year ended December 31, 2013 and the six months ended June 30, 2013 (which were submitted to the Board members prior to the meetings), and discussing these accounts with the Chief Executive Officer, the Chief Financial Officer and the auditors.

At both of these meetings, the Committee discussed with the auditors the main audit issues raised with the Finance Department during the accounts closing process, particularly the key risk exposures and material off-balance sheet commitments described in the Chief Financial Officer's explanatory report to the Committee.

During the year the Committee received regular updates of the situation concerning asbestos litigation in the United States. It discussed in detail with the auditors the financial and accounting consequences of this litigation for the American subsidiaries and the Group, in order to present a report on this issue to the Board at subsequent meetings.

The Committee also obtained information from each of the auditors concerning the amount of fees paid to them by Group companies in 2013 for statutory audit work and other services, and verified that none of the auditors' appointments expired in the upcoming fiscal year. The auditors' fees for 2012 and 2013 are presented on page 104. A procedure issued in 2003 clearly defines the services that may be provided by the Group's auditors and the members of their networks, and the services that are prohibited.

In 2013, the Committee also reviewed (i) the draft report of the Chairman on internal control and risk management, (ii) the Group's internal control framework, (iii) a report prepared by the auditors on cash management transactions, (iv) the Internal Audit and Internal Control department's activity report for 2013, its 2013 audit program and its report on major fraud incidents, and (v) the activity report of the Doctrine Department.

During the year, the Committee held one-on-one discussions with the auditors, the Vice-President – Financial Management, the Vice-President – Treasury, Financing, Risks & Insurance, the Senior Vice-President in charge of Internal Audit & Internal Control, and the Chief Financial Officer, in accordance with the recommendations of the AFEP-MEDEF code. It did not call on outside experts to assist in the fulfillment of its mission.

The Financial Statements Committee reported to the Board on its activities during the Board meetings of February 20, July 24 and September 19, 2013.

APPOINTMENTS, COMPENSATION AND GOVERNANCE COMMITTEE[1]

Chairman:

Philippe Varin
(since June 6, 2013)

Members:

Bernard Gautier
Anne-Marie Idrac
Sylvia Jay

As of end-February 2014, three of the Committee's four members (75%), including the Chairman, were independent directors. The Appointments, Compensation and Governance Committee fulfills the duties of both a nominations committee and a remuneration committee provided for in the AFEP-MEDEF code.

The Committee's remit, as defined in the Board of Directors' internal rules in force at end-February 2014, is to:

- make proposals to the Board in all cases where one or more seats on the Board fall vacant or the terms of one or more directors are due to expire. The Committee organizes the procedure to select candidates for election as independent directors, based on the independence criteria set out in the AFEP-MEDEF code;
- review annually each director's situation in relation to the independence criteria set out in the AFEP-MEDEF code, and report its conclusions to the Board;
- through its Chairman, obtain assurance from the Chairman and Chief Executive Officer that a candidate has been identified for succession to his position in the event that it falls vacant for an unforeseen reason and that enough potential successors are available to step in when they might be needed;
- recommend candidates to the Board in the event that the position of Chairman and Chief Executive Officer falls vacant for whatever reason;
- review any proposals by the Chairman and Chief Executive Officer for the appointment of a Chief Executive Officer and/or one or more Chief Operating Officers, and report its conclusions to the Board;
- make recommendations to the Board concerning the Chairman and Chief Executive Officer's compensation package, including pension benefits, and the criteria to be applied to determine his bonus, as well as the other aspects of his position;
- discuss the Group's overall stock option and performance share policy and whether options should be exercisable for new or existing shares, and review senior management's proposals concerning stock option and performance share plans for Group employees;
- review the Chairman and Chief Executive Officer's recommendations concerning his implementation of long-term incentive plans;
- make recommendations concerning the granting of stock options, performance shares and long-term incentives to the Chairman and Chief Executive Officer and the other members of senior management;
- the Committee also makes presentations to support the Board's consideration of corporate governance issues and leads periodic assessments of the Board's organization and practices.

The Appointments, Compensation and Governance Committee met three times in 2013, in February, July and September, with an attendance rate of 100%. The Committee made recommendations to the Board on Pierre-André de Chalendar's 2012 bonus, as well as on the amount of his salary for 2013 and the performance criteria to be applied to determine his 2013 bonus (see page 91).

It reviewed the directors' fulfillment of AFEP-MEDEF independence criteria and the subject of Pierre-André de Chalendar's re-election as director at the Annual General Meeting of June 5, 2014.

The Committee also discussed (i) the performance unit plan to be set up by the Chairman and Chief Executive Officer and the performance stock option and performance share plans[2] to be renewed by the Board – all consisting of deferred, variable, incentive-based compensation payable to certain employees subject to performance criteria being met – and (ii) the performance units and performance stock options to be granted to the Chairman and Chief Executive Officer. It reviewed the proposed plan terms, decided on the performance criteria that it considered should be applied.

The Appointments, Compensation and Governance Committee reported to the Board on its activities during the Board meetings of February 20, July 24 and September 19, 2013.

It was informed of certain aspects of the compensation policies applied to members of senior management other than the Chairman and Chief Executive Officer.

(1) The Appointments Committee was renamed the Appointments, Compensation and Governance Committee on September 19, 2013.
(2) The Group's stock option, performance share and performance unit policies and plan characteristics are described on pages 89 to 90.

STRATEGY AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE(1)

Chairman:

Jean-Martin Folz(2)
(since June 6, 2013)

Members:

M. Pierre-André de Chalendar
M. Frédéric Lemoine

In accordance with the Board of Directors' internal rules in force at end-February 2014, the Strategy and Corporate Social Responsibility (CSR) Committee is responsible for examining and identifying improvements to the Group's business plan, reviewing any strategic issues proposed by its members and ensuring that CSR issues are taken into account in defining the Group's strategy.

The Strategy and CSR Committee met six times in 2013, with an attendance rate of 100%. During these meetings, the Committee discussed the 2013 budget, the outlook and development of the Group's business, the potential impact on the Group of various economic scenarios and all strategic issues presented to the Board.

The Committee reported to the Board on its activities during the Board meetings of May 23, July 24, September 19 and November 21, 2013.

DIRECTORS' COMPENSATION

At the Annual General Meeting of June 8, 2006, shareholders awarded attendance fees of €800,000 per year to directors. This amount has remained unchanged since then.

On March 19, 2009, the Board decided to allocate this amount as follows, for 2009 and subsequent years:

- the Chairman and Chief Executive Officer does not receive any attendance fees;
- the other directors each receive a fixed amount of €22,500 per year plus €3,000 for each Board meeting attended during the year;
- in addition, the chairmen and members of the Financial Statements Committee, the Appointments, Compensation and Governance Committee and the Strategy Committee (excluding Pierre-André de Chalendar) each receive a fixed amount of €5,000 and €2,500 per year, respectively, plus €2,000 for each Committee meeting attended during the year;
- for directors who are elected or retire/resign from the Board during the year, the fixed fee is prorated to the actual period served;
- the fees are paid in two half-yearly installments in arrears, with any balance available from the annual amount distributed at the beginning of the next year based on each director's attendance rate at the prior year's Board meetings.

The variable fee represents the bulk of their compensation if they consistently attend both Board and Committee meetings.

The total fixed and variable fees paid to each individual director in respect of 2013 are shown in table 3 below.

STOCK OPTION PLANS – PERFORMANCE SHARE PLANS – PERFORMANCE UNIT PLANS – PRINCIPLES AND RULES DECIDED BY THE BOARD OF DIRECTORS

Stock option plans have been set up by the Board of Directors every year since 1987. The option exercise periods for the plans set up between 1987 and 2003 have expired, meaning that these plans are now terminated.

Options granted under the 2003-2007 plans and the 2012 plan are exercisable for new shares. For plans set up between 2008 and 2011, and in 2013, the Board decided that the origin of the shares (new shares or treasury stock) would be determined at the latest on the day preceding the start of the exercise period. If any options were to be exercised before the Board made its decision, the grantees would receive new shares.

Performance share plans have also been approved by the Board of Directors every year since 2009.

All of the above plans were approved by the Board after they had been reviewed and recommended for approval by the Appointments, Compensation and Governance Committee.

A performance unit plan was set up in 2012, and a new plan was approved in principle by the Board in November 2013.

At its meeting on November 21, 2013, the Board of Directors decided to set up a stock option plan and a performance share plan. The Board also approved in principle the creation of a long-term incentive plan based on performance units, to be implemented by the Chairman and Chief Executive Officer.

The plans concern 1,754 grantees corresponding to high-potential managers and managers who have performed exceptionally well (155 grantees), the key corporate and line executives in the Sectors and Delegations (1,556 grantees), members of the Group Liaison Committee excluding the senior management team (31 grantees) and senior management (12 grantees). In all, the grantees represent 51 different nationalities and are based in 49 different countries.

The plans involve a total of 247,250 stock options, 541,655 performance shares for grantees located outside France and 588,535 performance units for grantees in France. The options and performance shares granted under these plans represent the equivalent of 0.04% and 0.1% of the share capital, respectively, such that their potential dilutive impact is not material.

(1) The Strategy Committee was renamed the Strategy and Corporate Social Responsibility Committee on February 19, 2014.
(2) Jean-Cyril Spinetta, whose term as a director expired at the Annual General Meeting of June 6, 2013, was Chairman of the Strategy Committee until that date.

Performance units entitle the grantees to a long-term cash incentive payable between November 21, 2017 and November 20, 2023 provided that they are still employed by the Group when they apply to cash in the units and that the performance conditions are met. The cash incentive per unit is equal to the Saint-Gobain share price on the reference date (corresponding to the trading day following the date of receipt of the request to cash in the units) plus all dividends paid or other distributions made between November 21, 2017 and the reference date). The performance units constitute an operating expense that is adjustable each year, but they do not lead to any dilution of existing shareholders' interests because they are settled in cash and not in shares.

The members of the Group Liaison Committee received a combination of stock options and performance units (Committee members in France) or stock options and performance shares (Committee members outside France). The other grantees received only performance shares or performance units, depending on their country of residence.

The service and performance conditions attached to the stock options, performance shares and performance units, and applicable to all grantees, including the Chairman and Chief Executive Officer, in compliance with the AFEP-MEDEF corporate governance code for listed companies, are as follows:

- **the grantee** must be an employee or officer of a Saint-Gobain company throughout the period up to the exercise date of the stock options and/or throughout the vesting period of the performance shares or throughout the period until the performance units are cashed in, except in a number of defined specific cases such as death, disability, as defined in paragraphs 2) and 3) of article L.341-4 of the French Social Security Code, no-fault termination, negotiated departure, retirement, transfer to another position within the Group, change of control of the grantee's host company.
- **exercise of the stock options** is contingent on Saint-Gobain's stock market performance compared with a reference stock market index which is based for 50% on the CAC 40 and for 50% on a sample of eight listed companies[1] operating in one or more of Saint-Gobain's businesses (with each accounting for 1/8th of the 50%). The performance shares and performance units will vest based on the achievement of the average ROCE[2] target set for the Group.

The applicable performance conditions are as follows:

a) for the stock options, Saint-Gobain's stock market performance will be calculated by comparing average prices for Saint-Gobain shares for the six months to November 21, 2013 with the average prices for the six months to November 21, 2017. Based on this comparison, at the end of the four-year vesting period the options will be exercisable as follows:

- if Saint-Gobain's stock market performance exceeds that of the reference index by at least 10%, all of the options will be exercisable;
- if Saint-Gobain's stock market performance is between 10% higher and 20% lower than that of the reference index, the number of exercisable options will be calculated by the following formula:

([Saint-Gobain's stock market performance/ performance of the index] - 80%) / (110% - 80%)

- if Saint-Gobain's stock market performance is 20% or more below that of the reference index, none of the options will be exercisable;

b) for the performance shares, the performance condition is based on the average ROCE achieved for the years 2014, 2015 and 2016 by the Saint-Gobain Group, including the Packaging Sector (but excluding Verallia North America), adjusted to exclude the effect of any changes in accounting principles and consolidation scope:

- if average ROCE for 2014, 2015 and 2016 is at least 10.5%, all of the performance shares will vest;
- if average ROCE for 2014, 2015 and 2016 is between 8% and 10.5%, the number of shares that vest will be calculated by the following formula:

(Average ROCE for 2014, 2015 and 2016 - 8%) / (10.5% - 8%)

- if average ROCE for 2014, 2015 and 2016 is 8% or lower, none of the performance shares will vest;

However, the first 100 shares allocated to each grantee are exempt from performance conditions (except for shares allocated to Liaison Committee members which are all subject to performance conditions);

c) for the performance units, the performance condition will be calculated on the average ROCE achieved for the years 2014, 2015 and 2016 by the Saint-Gobain Group, including the Packaging Sector (but excluding Verallia North America), adjusted to exclude the effect of any changes in accounting principles and consolidation scope:

- if average ROCE for 2014, 2015 and 2016 is at least 10.5%, all of the performance units will vest;
- if average ROCE for 2014, 2015 and 2016 is between 8% and 10.5%, the number of units that vest will be calculated by the following formula:

Number of performance units x (average ROCE for 2014, 2015 and 2016 - 8%) / (10.5% - 8%)

- if average ROCE for 2014, 2015 and 2016 is 8% or lower, none of the performance units will vest.

The exercise price of the options granted in November 2013 was set at the average of the prices quoted for Saint-Gobain shares over the 20 trading days preceding the grant date, i.e. €38.80.

There are no other stock option plans in progress and no other options on the shares of French or foreign listed or unlisted Group companies.

(1) NSG, 3M, Imerys, CRH, Travis Perkins, Wolseley, Owens Corning and Rockwool.
(2) Return on capital employed.

CHAIRMAN AND CEO COMPENSATION POLICY

The policy governing the Chairman and Chief Executive Officer's compensation is decided by the Board based on the recommendations of the Appointments, Compensation and Governance Committee.

The Board of Directors and the Appointments, Compensation and Governance Committee are committed to ensuring that Pierre-André de Chalendar's compensation is aligned at all times with the recommendations of the AFEP-MEDEF corporate governance code for listed companies.

The Chairman and Chief Executive Officer's compensation package includes his salary, short-term bonus, long-term incentive bonus, compensation for loss of office and pension benefits, and is determined with a view to achieving a balanced mix of these pay components.

For the purpose of calculating the components of Mr. de Chalendar's compensation, the Board of Directors also benchmarks Saint-Gobain against the Group's CAC 40 peers in terms of revenue, employee numbers and international scope.

Pierre-André de Chalendar's 2013 compensation as decided by the Board of Directors at its meetings on February 20, 2013, November 21, 2013 and February 19, 2014 includes the following components:

Salary

The salary component is commensurate with Mr. de Chalendar's experience and responsibilities, and comparable to salaries offered by similar large companies.

His 2013 salary was set by the Board at its meeting on February 20, 2013 at €1,100,000, an amount that has not changed since 2010.

Short-term bonus

The short-term bonus, expressed as a percentage of his annual salary, is awarded to the Chairman and Chief Executive Officer in recognition of his contribution to the Group's results for the year.

For several years, the bonus has been capped at 1.5 times salary. Of the total bonus, 60% is based on quantitative targets and 40% on qualitative targets.

At its meeting on February 20, 2013, based on the recommendations of the Appointments Committee, the Board decided that:

- sixty percent of the bonus would be based on four strategic financial indicators – return on capital employed (ROCE), operating income, recurring earnings per share and operating free cash flow – each counting for one quarter of the 60%.

The minimum bonus would be payable if average actual performance for the four indicators was at least equal to 92.3% of the target performance (corresponding to the budget) and the maximum bonus would be payable if average actual performance represented 110.3% of the target. The portion of the bonus based on quantitative targets would be equal to 0 if average actual performance was less than 92.3% of the target (i.e. for each target, depending on the case, actual performance ranging from 89.2% to 96.6% of the budget) and would represent 49.5% of salary if average actual performance were in line with the budget. At Saint-Gobain, the budget is based on ambitious objectives that are not always met and the bonus targets are therefore challenging.

- Concerning the qualitative portion of the bonus, five non-financial targets were defined relating in particular to: the Group's development in line with its strategic priorities, the quality and effectiveness of its financial communications, its responsiveness to changes in the economic environment, the smooth functioning of the Board of Directors, and its definition and deployment of a new phase in the sustainable development process.

At its meeting on February 19, 2014, based on the recommendation of the Appointments, Compensation and Governance Committee, the Board decided that the quantitative targets had been 42.4% met and the qualitative targets had been 75% met, representing an aggregate achievement rate of 55.4%. Pierre-André de Chalendar was therefore awarded a bonus of €914,760 for 2013, representing a 9.6% increase compared with 2012.

In all, Pierre-André de Chalendar's compensation represented €2,014,760 for the year, up 4.1% on the 2012 amount.

Long-term incentive policy

- Stock options and performance shares
  - At its meeting of November 21, 2013, the Board granted 50,000 stock options to Pierre-André de Chalendar, representing approximately 0.009% of the capital, and no performance shares. Considering that one performance share would be equivalent to 3.5 stock options, the grant represented 2.3% of total stock options and performance shares granted by the Board in 2013. The performance and other conditions attached to the options are described above, page 90.
  - As provided for in article L.225-185 of the French Commercial Code (*Code de commerce*), the Board decided that the Chairman and Chief Executive Officer should keep a number of Saint-Gobain shares whose value should be at least equal to 50% of the net acquisition capital gain (after deducting payroll taxes and other personal taxes) realized to him until such time as he steps down from the position of Chairman and Chief Executive Officer. This obligation will cease to apply if and when the total number of Saint-Gobain shares held personally by Mr. de Chalendar in registered form represents the equivalent of five years' gross salary. In order to calculate the number of years, months and days of gross salary that Mr. de Chalendar's registered shares represent, the total number of Saint-Gobain shares that he holds personally in registered form will be multiplied by the opening price quoted for Saint-Gobain shares on the option exercise date and compared with the amount of his gross salary applicable at that time.

Details of the compensation paid to Pierre-Andre de Chalendar are provided in tables 1, 2, 3, 4 and 6 below.

- **Performance units**
  - At its meeting of November 21, 2013, the Board granted 60,000 performance units to Pierre-André de Chalendar. The performance and other conditions attached to the units are described above, page 90.
  - The value of these performance units, as determined by the method used in preparing the consolidated financial statements, is €1,414,000.

In accordance with the recommendations set out in the AFEP-MEDEF corporate governance code for listed companies, the rules governing the plans in which Pierre-André de Chalendar participates stipulate that the equity risk arising from grants made under the plans may not be hedged.

Components of the Chairman and Chief Executive Officer's compensation subject to the advisory vote by shareholders at the Annual General Meeting of June 5, 2014 (pursuant to article 24-3 of the AFEP-MEDEF corporate governance code for listed companies)

These components are detailed in table 14 below, page 99.

Termination benefits awarded to the Chairman and Chief Executive Officer

Concerning termination benefits awarded to the executive director whose disclosure is required by law (article L.225-42-1 of the Commercial Code), at the Annual General Meeting of June 3, 2010, shareholders approved the Board's decision to modify the commitment previously given to Pierre-André de Chalendar in his capacity as Chief Executive Officer, as follows:

- **Compensation for loss of office** would be paid to Pierre-André de Chalendar if and only if:

a) he was removed from office or his appointment as Chief Executive Officer was not renewed, except as a result of gross or willful misconduct or serious misconduct not related to his duties as Chief Executive Officer, or

b) he was forced to leave, i.e. if he would resign within the twelve months following the date of approval by the shareholders of a merger or demerger affecting Compagnie de Saint-Gobain, or the date on which an investor or group of investors acquired control of the Company, or the announcement by Compagnie de Saint-Gobain's governance bodies of a significant change in the Group's strategy leading to a major refocusing of its business.

In the event of termination of his functions as Chief Executive Officer in the circumstances described above, Pierre-André de Chalendar would receive compensation for loss of office representing up to the equivalent of double the sum of his final year's fixed salary and of the average of the annual bonuses received or receivable for his last three full years in office.

Payment of the compensation for loss of office would be subject to fulfillment of a performance condition evidenced by the Board of Directors' decision to award him an average bonus at least equal to one half of the average maximum bonus for the last three years – (or, if he has been Chief Executive Officer for less than three years, for the number of full years that have elapsed since his appointment as Chief Executive Officer) (details of Pierre-André de Chalendar's bonus are provided on page 91).

No compensation for loss of office would be due if Pierre-André de Chalendar were to leave Compagnie de Saint-Gobain at his own initiative in circumstances other than those referred to above, or in one of the circumstances described above if he would be eligible to retire during the following twelve months and to receive a pension under the SGPM defined benefit plan.

- Shareholders at the Annual General Meeting of June 3, 2010 also ratified the Board's decision according to which, in the event of termination of Pierre-André de Chalendar's duties as Chief Executive Officer in circumstances qualifying him for compensation for loss of office, the Board of Directors may decide, on the recommendation of the Appointments Committee, to maintain or to cancel his rights to all or some of the Saint-Gobain stock options and performance shares granted to him up to the termination date that have not yet expired or have not yet been delivered, as applicable, provided that the performance conditions specified in the plan rules have been fulfilled.
- The Annual General Meeting also approved the signature of a non-compete agreement in which Pierre-André de Chalendar has given an irrevocable undertaking not to participate in, acquire or hold any interest in any competitor (as defined in the agreement) of Compagnie de Saint-Gobain or any Saint-Gobain Group company during a period of one year from the date on which his functions as Chief Executive Officer are terminated in circumstances qualifying him for compensation for loss of office. The indemnity that would be payable to Pierre-André de Chalendar under the non-compete agreement is set at the equivalent of one year's total gross compensation. For the purpose of this agreement, his gross annual compensation is considered as comprising the same fixed and variable amounts used to calculate his compensation for loss of office referred to above. Under no circumstances would the sum of the compensation for loss of office and the indemnity payable under the non-compete agreement exceed double Mr. de Chalendar's total gross annual compensation.

(1) Given that Pierre-André de Chalendar tendered his resignation under his employment contract on June 3, 2010, no such compensation is due to him.

Defined benefit pension plan covering the Chairman and Chief Executive Officer

Concerning defined benefit pension plans (covered by article L.225-42-1 of the French Commercial Code), shareholders at the Annual General Meeting of June 3, 2010 approved the Board's decision to continue applying all of the provisions under the SGPM defined benefit plan to Pierre-André de Chalendar in his capacity as Chief Executive Officer, on the same basis as for all other participants in the plan.

The SGPM pension plan covers all employees who joined Compagnie de Saint-Gobain before January 1, 1994, the date at which the plan was closed to new entrants. As of December 31, 2013, 176 retired former employees of Compagnie de Saint-Gobain were receiving benefits under the plan and a further 45 active employees would be entitled to benefits on retirement.

To benefit from the plan, Pierre-André de Chalendar will have to retire at 60 or over on a full pension under the compulsory government-sponsored schemes after contributing to the SGPM plan for at least 15 years.

Benefits under the plan are determined so that retirees receive a guaranteed total income in retirement. The guaranteed amount depends on the retiree's years of service (up to 35 years), and is determined on a declining scale for each tranche of gross annual compensation excluding exceptional or temporary payments. Benefits received by the retiree under other basic and supplementary pension plans during the period are deducted from the guaranteed amount for the purpose of calculating the plan benefits.

Pierre-André de Chalendar's pension will be based on his final year's fixed salary and his years of service with the Group, calculated as from October 1, 1989. If he were to leave after completing the maximum number of pensionable years' service under the SGPM plan, he would be entitled to total pension benefits (including benefits paid under the compulsory basic and supplementary pension schemes) representing a guaranteed replacement rate of approximately 47% of his final year's fixed salary[(1)]. The seniority-based supplementary pension benefits under the SGPM plan that would be paid by Compagnie de Saint-Gobain would therefore correspond to the difference between the guaranteed total benefits and the benefits paid under the compulsory basic and supplementary pension schemes.

The Annual General Meeting of June 3, 2010 also approved the signature of addenda to the URPIMMEC group death, disability and health insurance policy in which the persons covered by the policy and riders are defined as employees with an employment contract and executive directors (*mandataires sociaux assimilés aux salariés*) as defined in article L.311-3 12° of the French Social Security Code (*Code de Sécurité sociale*).

At the Annual General Meeting of June 5, 2014, shareholders will be asked to re-elect Pierre-André de Chalendar as a director and to approve the commitments described in the above two sections on substantially the same terms with two exceptions: in accordance with the AFEP-MEDEF Code, the Board of Directors will be authorized to waive application of the non-compete clause when Mr. de Chalendar leaves the Group and the compensation for loss of office will not be payable if Mr. de Chalendar is not renewed at his own initiative.

Pierre-André de Chalendar tendered his resignation under his employment contract on June 3, 2010. He had the use of a chauffeur-driven company car in 2013. He does not receive any directors' attendance fees from Compagnie de Saint-Gobain or from any Saint-Gobain subsidiary.

The following tables have been prepared in accordance with the recommendations contained in the AFEP-MEDEF code and the AMF's recommendation (updated on December 17, 2013) on the information about management compensation to be disclosed in the registration document.

(1) This amount is significantly lower than the AFEP-MEDEF code's recommended replacement rate, corresponding to 45% of the sum of the fixed salary and bonus. In addition, given that the above-mentioned amount corresponds to 35 years of service, it reflects the fact that the annual increase in potential benefits is lower than 5% of the beneficiary's compensation.

1. Total compensation, stock options, performance shares and performance units awarded to the Chairman and Chief Executive Officer

(in euros, before payroll taxes and income tax)	2013	2012
Pierre-André de Chalendar, Chairman and Chief Executive Officer		
Compensation for the year (see Table 2 for details)	2,017,412	1,937,552
Value of stock options granted during the year (see Table 4 for details)	298,500	174,500
Value of performance shares granted during the year (see Table 6 for details)	0	0
Value of performance units granted during the year (see Table 8 for details)	1,414,000	1,159,200
TOTAL	3,729,912	3,271,252

2. Compensation and benefits awarded to the Chairman and the Chief Executive Officer

(in euros, before payroll taxes and income tax)	2013		2012	
Pierre-André de Chalendar Chairman and Chief Executive Officer	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Salary	1,100,000	1,100,000	1,100,000	1,100,000
Bonus(1)	914,760	834,900	834,900	1,227,600
Exceptional bonus	0	0	0	0
Directors' attendance fees	0	0	0	0
Benefits in kind: Company car	2,652	2,652	2,652	2,652
TOTAL	2,017,412	1,937,552	1,937,552	2,330,252

(1) The methods used to determine these amounts are presented on page 91.

3. Directors' attendance fees and other compensation received by non-executive directors

Non-executive directors		Gross amounts paid (in €)	
		For 2013	For 2012
Jean Louis Beffa(1)	Directors' attendance fees Pension benefits		21,242 248,767
Isabelle Bouillot	Directors' attendance fees	46,657	48,685
Gerhard Cromme(2)	Directors' attendance fees	21,886	41,613
Jean-Martin Folz	Directors' attendance fees	64,907	64,935
Bernard Gautier	Directors' attendance fees	58,187	57,758
Anne-Marie Idrac	Directors' attendance fees	51,907	45,435
Sylvia Jay	Directors' attendance fees	52,168	51,936
Pamela Knapp(3)	Directors' attendance fees	24,776	
Agnès Lemarchand(3)	Directors' attendance fees	30,025	
Frédéric Lemoine	Directors' attendance fees	72,687	70,258
Gérard Mestrallet	Directors' attendance fees	36,774	41,613
Michel Pebereau(2)	Directors' attendance fees	26,427	56,436
Jacques Pestre	Directors' attendance fees	49,687	49,258
Olivia Qiu	Directors' attendance fees	43,710	49,258
Denis Ranque	Directors' attendance fees	51,198	57,758
Gilles Schnepp	Directors' attendance fees	49,645	45,436
Jean-Dominique Senard	Directors' attendance fees	56,240	25,621
Jean-Cyril Spinetta(2)	Directors' attendance fees	31,719	72,758
Philippe Varin(3)	Directors' attendance fees	31,276	
Ajustement(4)	Directors' attendance fees	124	
TOTAL **TOTAL**	**Directors' attendance fees** **Other compensation**	800,000 0	800,000 248,767

(1) Jean-Louis Beffa stepped down from his position as director on June 7, 2012.
(2) Until June 6, 2013.
(3) From June 6, 2013.
(4) The attendance fees payable to Jean-Louis Beffa for 2012 were adjusted by €124 in 2013.

With the exception of Jacques Pestre, who received compensation in respect of his salaried position as Senior Vice-President of Point.P, none of the non-executive directors received any other compensation from Compagnie de Saint-Gobain or any Saint-Gobain subsidiary for 2012 or 2013.

4. Stock options granted during the year to the Chairman and Chief Executive Officer[1]

Name	Plan date	Options exercisable for new or existing shares	Value (based on method used to prepare the consolidated financial statements)	Number of options granted during the year	Exercise price	Exercise period
Pierre-André de Chalendar	November 21, 2013	TBD	€298,500	50,000	€38.80	November 21, 2017 to November 20, 2023

5. Stock options exercised during the year by the Chairman and Chief Executive Officer

Name	Plan date	Options exercisable for new or existing shares	Number of options exercised during the year	Exercise price
Pierre-André de Chalendar	November 20, 2003	New shares	25,000	€32.26
	November 20, 2003	New shares	5,961	€32.26
	November 20, 2003	New shares	10,961	€32.26
	November 20, 2008	New shares	19,990	€25.88

6. Performance shares granted during the year to the Chairman and Chief Executive Officer[1]

Name	Plan date	Number of shares granted during the year	Value (based on method used to prepare the consolidated financial statements)	End of lock-up period	Performance conditions
Pierre-André de Chalendar	November 21, 2013	0	€0	-	-

7. Performance shares delivered during the year to the Chairman and Chief Executive Officer

Name	Plan date	Number of performance shares delivered during the year	End of lock-up period
Pierre-André de Chalendar	November 18, 2010	10,000	March 30, 2015

8. Performance units granted during the year to the Chairman and Chief Executive Officer[1]

Name	Plan date	Number of performance units granted during the year	Value (based on method used to prepare the consolidated financial statements)	Lock-up period	Performance conditions
Pierre-André de Chalendar	November 21, 2013	60,000	€1,414,000	November 21, 2017 to November 20, 2023	See page 90 of the registration document

(1) The applicable service and performance conditions are described on page 90.

9. Historical information about stock option plans

YEAR	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Date of General Meeting	June 7, 2012	June 7, 2012	June 4, 2009	June 4, 2009	June 4, 2009	June 7, 2007	June 7, 2007	June 9, 2005	June 9, 2005	June 5, 2003
Date of Board of Directors' meeting							Feb. 27, 2006			
	Nov. 21, 2013	Nov. 22, 2012	Nov. 24, 2011	Nov. 18, 2010	Nov. 19, 2009	Nov. 20, 2008	Nov. 22, 2007	Nov. 16, 2006	Nov. 17, 2005	Nov. 18, 2004
Total shares under option	247,250	253,000	482,150	1,144,730	1,479,460	3,551,900	3,673,000	4,025,800	3,922,250	3,881,800
Adjustment to number of shares under option(*)	N/A	N/A	N/A	N/A	N/A	375,614	383,133	420,314	397,330	383,963
Cumulative number of cancelled or forfeited options	0	0	0	0	493,154[3]	773,932[2]	652,962[1]	138,460	248,460	80,000
Adjusted number of exercisable options	247,250	253,000	482,150	1,144,730	986,306	3,153,582	3,403,171	4,307,654	4,071,120	4,185,763
Of which: options granted to corporate officers										
Jean-Louis Beffa	0	0	0	0	0	*46,856*[5]	*55,288*[4]			
Pierre-André de Chalendar	50,000	50,000	100,000	130,000	133,333 [6]	*109,331*[5]	*110,575*[4]			
Starting date of exercise period	Nov. 21, 2017	Nov. 22, 2016	Nov. 25, 2015	Nov. 19, 2014	Nov. 20, 2013	Nov. 21, 2012	Nov. 23, 2011	Nov. 17, 2009 or Nov. 17, 2010	Nov. 18, 2008 or Nov. 18, 2009	Nov. 19, 2007 or Nov. 19, 2008
Expiry date of exercise period	Nov. 20, 2023	Nov. 21, 2022	Nov. 23, 2021	Nov. 17, 2020	Nov. 18, 2019	Nov. 19, 2018	Nov. 21, 2017	Nov. 15, 2016	Nov. 16, 2015	Nov. 17, 2014
Exercise price(*)	€38.80	€27.71	€31.22	€35.19	€36.34	€25.88	€64.72	€52.52	€41.34	€39.39
Number of shares acquired	0	0	0	340	22,765	488,616	0	1,200	19,939	238,169
Options outstanding at December 31, 2013	247,250	253,000	482,150	1,144,390	963,541	2,664,966	3,403,171	4,306,454	4,051,181	3,947,594

(*) Following the March 23, 2009 capital increase for cash carried out by issuing and allocating stock warrants, the number of options per grantee and the exercise price were adjusted in accordance with the applicable regulations (article R.228-91 of the Commercial Code) in order to preserve the grantees' rights. The new exercise price was determined by taking into account the number of shares issued per existing share (2 new shares for 7 existing shares), the issue price of the new shares (€14) and the cum rights share price (€24.58, corresponding to the weighted average price for the three trading days preceding the rights issue, i.e. March 18, 19 and 20, 2009).

On this basis, the original exercise price was multiplied by 0.904363 to calculate the new price and the number of options was multiplied by 1.10575 so that the total value of option holders' rights (number of options multiplied by the exercise price) was the same before and after the adjustment.

(1) Including 514,502 options forfeited because the performance condition was not met (performance condition attached to half of the options granted in November 2007 to the 38 members of senior management).

(2) Including 718,644 options forfeited because the performance condition was only partly met (performance condition attached to all the options granted in November 2008 to the Chairman and Chief Executive Officer and half of the options granted in November 2008 to the 176 members of senior management).

(3) Including 493,154 options forfeited because the performance condition was only partly met (performance condition attached to all the options granted in November 2009).

(4) After deducting the one half of the options granted that are not exercisable because the related performance condition was not met.

(5) After deducting the options granted that are not exercisable because the related performance condition was only partly met.

(6) After deducting the options granted that are not exercisable because the related performance condition was only partly met.

10a. Options granted to the ten employees who received the highest number of options

	Total number of options granted	Unit price
In 2013	101,000	€38,80
In 2012	102,000	€27,71

10b. Options exercised by the ten employees who exercised the highest number of options

	Total number of options exercised	Weighted average exercise price	O/w options granted on Nov. 21, 2002	O/w options granted on Nov. 20, 2003	O/w options granted on Nov. 18, 2004	O/w options granted on Nov. 20, 2008	O/w options granted on Nov. 19, 2009
In 2013	€211,262	€31.42		134,019	7,500	49,243	20,500
In 2012	€85,111	€22.30	66,316			18,795	

10c. Performance share rights granted to the ten employees who received the highest number of rights

	Total number of performance shares granted	Unit price
In 2013	54,250	-
In 2012	48,800	-

10d. Performance shares delivered to the ten employees who were delivered the highest number of shares

	Total number of performance shares delivered	Share price on the delivery date	O/w performance share rights granted on Nov. 19, 2009	O/w performance share rights granted on Nov. 18, 2010
In 2013	23,150	€29.50	0	23,150
In 2012	26,300	€33.39	26,300	0

10e. Performance unit rights granted to the ten employees who received the highest number of rights

	Number of performance units granted during the year	Unit price
In 2013	157,200	-
In 2012	123,300	-

10f. Performance units exercised by the ten employees who received the highest number of units

	Total number of performance units delivered	Unit price
In 2013	0	-
In 2012	0	-

11. Historical information about performance share plans

YEAR	2013	2012	2011	2010	2009	2009 [a]
Date of General Meeting	June 7, 2012	June 7, 2012	June 4, 2009	June 4, 2009	June 4, 2009	June 4, 2009
Date of Board of Directors' meeting	Nov. 21, 2013	Nov. 22, 2012	Nov. 24, 2011	Nov. 18, 2010	Nov. 19, 2009	Nov. 19, 2009
Type of shares to be delivered	Treasury shares	Treasury shares		New shares		
Total number of performance share rights initially granted[1]	**541,655**	**542,370**	**942,920**	**737,550**	**622,790**	**1,359,960**
of which, rights under plans with a two-year vesting period and a two-year lock-up period (2+2 plan)			415,560	325,060	260,400	430,150
of which, rights under plans with a four-year vesting period and no lock-up period (4+0 plan)	541,655	542,370	527,360	412,490	362,390	929,810
Cumulative number of shares delivered under the 2+2 plan[2]	0	0	2,813	186,495	245,320	393,610
Cumulative number of shares delivered under the 4+0 plan				700	1,500	119
Number of rights forfeited under the 2+2 plan	0	0	242,583[d]	138,565[c]	15,080[b]	36,540[b]
Number of rights forfeited under the 4+0 plan			288,434[d]	162,270[c]	15,730[b]	
Outstanding rights under the 2+2 plan			170,164	0	0	0
Outstanding rights under the 4+0 plan	541,655	542,370	238,926	249,520	345,160	929,691
Total outstanding performance share rights[3]	**541,655**	**542,370**	**409,090**	**249,520**	**345,160**	**929,691**
[1] o/w rights granted to the Chairman and the Chief Executive Officer - Jean-Louis Beffa (director until June 7, 2012) - Pierre-André de Chalendar	0 0	0 0	0 30,000	0 20,000	0 0	7 7
[2] o/w shares delivered to the Chairman and the Chief Executive Officer - Jean-Louis Beffa (director until June 7, 2012) - Pierre-André de Chalendar	0 0	0 0	0 0	0 10,000	0 0	7 7
[3] o/w outstanding rights granted to the Chairman and the Chief Executive Officer - Pierre-André de Chalendar	0	0	9,500	0	0	0

(a) Worldwide plan providing for the granting of seven performance share rights to each grantee.
(b) Rights forfeited because the grantee left the Group before the end of the vesting period.
(c) Of which rights forfeited because performance conditions were not met: 126,565 under the 2+2 plan and 143,320 under the 4+0 plan.
(d) Of which rights forfeited because performance conditions were not met: 238,313 under the 2+2 plan and 279,634 under the 4+0 plan.

12. Transactions involving Compagnie de Saint-Gobain shares disclosed to the AMF by the Chairman and Chief Executive Officer

In 2013, the Chairman and Chief Executive Officer disclosed the following transactions in Saint-Gobain securities to the AMF:

	Type of securities	Type of transaction	Transaction date	Unit price	Total amount
Pierre-André de Chalendar	Units in the Saint-Gobain PEG France corporate mutual fund (equivalent to 6,135 shares)	Purchase of new units	May 15, 2013	€24.77	€151,955 [*]
	Units in the Saint-Gobain PEG France corporate mutual fund (equivalent to 14,182 shares)	Sale of units	Oct. 30, 2013	€38.25	€542,437

(*) Of which €1,955 matching payment, net of CSG/CRDS.

13. Other information about the Chairman and Chief Executive Officer

During 2013	Employment contract (suspended for duration of term)		Supplementary pension plan		Termination benefits[2]		Non-compete indemnity[3]	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre-André de Chalendar **Chairman and Chief Executive Officer**	Terminated on June 3, 2010		X[1]		X		X	

(1) Explanatory note (see AMF recommendation of December 22, 2008, table 10, note 2) or refer to page 93 of the registration document.
(2) See page 92 of the registration document.
(3) See page 92 of the registration document.

14. Chairman and Chief Executive Officer's compensation for 2013 subject to the advisory vote by shareholders at the Annual General Meeting of June 5, 2014

Pursuant to article 24-3 of the AFEP-MEDEF corporate governance code for listed companies: Compensation components due or awarded to Pierre-André de Chalendar, Chairman and Chief Executive Officer, in respect of 2013

Compensation component due or awarded in respect of 2013	Amount or book value submitted to the advisory vote (in euros)	Description
Salary	Amount due: €1,100,000	Salary unchanged since 2010
Annual bonus	Amount due: €914,760 (approved by the Board of Directors at its meeting on February 19, 2014)	During its February 19, 2014 meeting, based on the recommendations of the Appointments, Compensation and Governance Committee, the Board calculated Pierre-André de Chalendar's bonus as follows, taking into account the quantitative and qualitative targets defined by the Board on February 20, 2013 and the extent to which they had been achieved: • The portion of the bonus based on the fulfillment of quantitative targets (ROCE, operating income, recurring earnings per share and operating free cash flow) amounted to €419,760, corresponding to an overall achievement rate of 42.4%. • The portion of the bonus based on the achievement of quantitative targets (the Group's development in line with its strategic priorities – in fast-growing markets and with high value-added habitat solutions – the quality and effectiveness of its financial communications, its responsiveness to changes in the economic environment, the smooth functioning of the Board of Directors, and its definition and deployment of a new phase in the sustainable development process) amounted to €495,000, corresponding to an overall achievement rate of 75%. On this basis, his 2013 bonus represented €914,760, corresponding to 55.4% overall achievement of qualitative and quantitative targets, and an increase of 9.6% on the previous year. His total compensation for 2013 (salary and bonus) therefore amounted to €2,014,760, up 4.1% on 2012. For more information about Pierre André de Chalendar's salary and bonus, see page 91 "Chairman and CEO compensation policy".
Deferred compensation	N/A	Pierre-André de Chalendar has not been awarded any deferred compensation.
Long-term incentive bonus	N/A	Pierre-André de Chalendar has not been awarded any long-term incentive bonus.
Exceptional bonus	N/A	Pierre-André de Chalendar has not been awarded any exceptional bonus.
Stock options	Amount granted: €298,500 (value established based on method used to prepare the consolidated financial statements)	The Board of Directors granted Pierre-André de Chalendar 50,000 stock options. Refer to page 90 for a description of the related service and performance conditions. Percentage of the capital represented by options granted to Pierre-André de Chalendar: approximately 0.009%. Date approved by the Annual General Meeting: June 7, 2012; Resolution: no. 14; Date granted by the Board of Directors: November 21, 2013.

Compensation component due or awarded in respect of 2013	Amount or book value submitted to the advisory vote (in euros)	Description
Performance shares	N/A	No performance shares have been granted to Pierre-André de Chalendar.
Performance units	Amount granted: €1,414,000 (value established based on method used to prepare the consolidated financial statements)	The Board of Directors granted Pierre-André de Chalendar 60,000 performance units. Refer to page 90 for a description of the related service and performance conditions. Date granted by the Board of Directors: November 21, 2013.
Directors' attendance fees	N/A	Pierre-André de Chalendar is not paid any directors' fees.
Benefits in kind	Amount due: 2,652 € (book value submitted)	Pierre-André de Chalendar uses a chauffeur-driven company car.

Compensation components subject to approval by shareholders in General Meeting under the procedure applicable to related-party agreements			
Compensation components subject to an advisory vote by shareholders in Annual General Meeting in line with related-party agreement procedure.	**Amounts submitted to the vote**		**Description**
Compensation for loss of office	Amount due in 2013: zero	Amount awarded in 2013: zero	If Pierre-André de Chalendar were to leave the Group in circumstances entitling him to compensation for loss of office (see page 92), he would receive compensation representing up to the the equivalent of double the sum of his final year's fixed salary and of the average of the annual bonuses received or receivable for his last three full years in office. The performance and other conditions applicable to the payment of compensation for loss of office are presented on page 92. No compensation for loss of office would be due if Pierre-André de Chalendar were to leave Compagnie de Saint-Gobain at his own initiative in circumstances other than those entitling him to compensation referred to above, or in one of the circumstances referred to above if he would be to retire during the following twelve months and to receive a pension under the SGPM defined benefit plan. Under no circumstances would the sum of the indemnity under the non-compete agreement and the compensation for loss of office exceed double Mr. de Chalendar's total gross annual compensation. Date authorized by the Board of Directors: March 25, 2010; date authorized by the General Meeting: June 3, 2010; number of the resolution adopted under the procedure applicable to related party agreements: 6th resolution. Note: at the Annual General Meeting of June 5, 2014, shareholders will be asked to re-elect Pierre-André de Chalendar as a director and to approve this commitment on substantially the same terms with one exception: the compensation for loss of office will not be paid if Mr. de Chalendar is not renewed at his own initiative.

Non-compete indemnity	Amount due in 2013: zero	Amount awarded in 2013: zero	If Pierre-André de Chalendar were to leave the Group in circumstances entitling him to compensation for loss of office, he would also be entitled to a non-compete indemnity equal to one year's gross compensation. For the purpose of this agreement, his gross annual compensation is considered as comprising the same fixed and variable amounts used to calculate his compensation for loss of office referred to above. Under no circumstances will the sum of the indemnity under the non-compete agreement and the compensation for loss of office exceed double Mr. de Chalendar's total gross annual compensation. Date authorized by the Board of Directors: March 25, 2010; date authorized by the General Meeting: June 3, 2010; number of the resolution adopted under the procedure applicable to related party agreements: 6th resolution. Note: at the Annual General Meeting of June 5, 2014, shareholders will be asked to re-elect Pierre-André de Chalendar as a director and to approve this commitment on substantially the same terms with one exception: as provided for in the AFEP-MEDEF Code, the Board of Directors may waive application of the non-compete agreement when Mr. de Chalendar leaves the Group.
Supplementary pension plan	Amount due in 2013: zero	Amount awarded in 2013: zero	Pierre-André de Chalendar participates in the defined benefit pension plan covering all employees and managers of Compagnie de Saint-Gobain who joined the Company prior to January 1, 1994 that was closed to new entrants as from that date. For information about the starting point for benefit payments and potential benefit rights, see page 93. Date authorized by the Board of Directors: March 25, 2010; date authorized by the General Meeting: June 3, 2010; number of the resolution adopted under the procedure applicable to related party agreements: 7th resolution

MANAGEMENT COMPENSATION

In Group companies other than Compagnie de Saint-Gobain, attendance fees awarded to directors representing the Group – particularly members of Group senior management – are either transferred to the company that employs them or paid directly to that company.

In other companies of which the Group is a shareholder, attendance fees awarded to the Chairman and Chief Executive Officer of Saint-Gobain in his capacity as a director of these companies are paid in full to the Company.

The compensation paid to members of senior management is set at a level consistent with compensation packages offered by comparable companies, based on the results of specific surveys commissioned by senior management from specialized consultants.

All members of senior management receive a variable bonus designed to reflect their personal contribution towards the Group's business and earnings growth. Target bonuses are set at an amount that is reasonable in relation to the overall compensation package.

The principle of performance-related pay has now been extended to all managerial staff. The performance targets used are based on financial indicators including return on investment (ROI) and return on capital employed (ROCE), as well as personal objectives such as developing a certain type of business or entering a new geographic market.

In this way, management compensation is clearly linked to performance and a system of management by objectives that promotes a high level of personal commitment. Each manager's compensation can fluctuate significantly from one year to the next, based on the results achieved.

Gross compensation received by the members of senior management, directly and indirectly from Group companies within and outside France, totaled €13.9 million in 2013 (2012: €12.6 million), including variable bonuses of €4.0 million (2012: €4.6 million) and termination benefits of €0.9 million (2012: €0).

Pensions and other post-employment benefits (defined benefit obligations in respect of retirement bonuses and pensions) accruing to the Group's directors and officers totaled €47.2 million at December 31, 2013 (December 31, 2012: €41.8 million).

PLAN GIVING EMPLOYEES A STAKE IN THE COMPANY'S PERFORMANCE (ARTICLES L.225-186-1 AND L.225-197-6 OF THE FRENCH COMMERCIAL CODE)

A discretionary profit-sharing agreement was signed on June 28, 2011, covering calendar years 2011, 2012 and 2013.

GROUP MANAGEMENT

GROUP MANAGEMENT as of February 17, 2014

SENIOR MANAGEMENT

Pierre-André de Chalendar
Chairman and Chief Executive Officer

Benoît Bazin
Senior Vice-President

Jean-Claude Breffort
Senior Vice-President

John Crowe
Senior Vice-President

Jean-Pierre Floris
Senior Vice-President

Peter Hindle(1)
Senior Vice-President

Claude Imauven
Senior Vice-President

Claire Pedini
Senior Vice-President

Jean-François Phélizon
Senior Vice-President

Antoine Vignial
Corporate Secretary in charge of Corporate Social Responsability

Laurent Guillot
Chief Financial Officer

CORPORATE DEPARTMENT MANAGEMENT

Gérard Aspar
Vice-President, Marketing

Sophie Chevallon
Vice-President, Communications

François Michel
Vice-President, Corporate Planning

Didier Roux
Vice-President, Research & Development and Innovation

SECTOR MANAGEMENT

Benoît Bazin
President, Building Distribution Sector

Patrick Dupin
President, Flat Glass Activity (Innovative Materials Sector)

Jean-Pierre Floris
President, Packaging Sector

Jean-Pierre Floris(2)
President, High-Performance Materials Activity (Innovative Materials Sector)

Claude Imauven
President, Construction Products Sector

GENERAL DELEGATES as of February 17, 2014

Dominique Azam
General Delegate for Mexico, Central America, Venezuela, Colombia, Ecuador and Peru

John Crowe
General Delegate for North America

Hartmut Fischer
General Delegate for Central Europe

Javier Gimeno
General Delegate for the Asia-Pacific region

Peter Hindle
General Delegate for the United Kingdom, Ireland, South Africa, Mozambique, Namibia and Zimbabwe

Benoit d'Iribarne(3)
General Delegate for Brazil, Argentina and Chile

Thierry Lambert
General Delegate for the Nordic Countries and Baltic States

Anand Mahajan
General Delegate for India, Sri Lanka and Bangladesh

François-Xavier Moser
General Delegate for Poland, Bulgaria and Romania

Gonzague de Pirey
General Delegate for Russia, Ukraine and the C.I.S.

Ricardo De Ramón García
General Delegate for Spain, Portugal, Morocco, Algeria and Tunisia

Tomáš Rosak
General Delegate for the Czech Republic, Slovakia, Hungary and the Eastern Adriatic countries

Gianni Scotti
General Delegate for Italy, Greece, Egypt, Turkey and Libya

(1) Since July 1, 2013.
(2) To be replaced by Benoit d'Iribarne as from July 1, 2014.
(3) To be replaced by Thierry Fournier as from July 1, 2014.

SAINT-GOBAIN GROUP COMMITTEES as of February 17, 2014

EXECUTIVE COMMITTEE

Pierre-André de Chalendar
Chairman and Chief Executive Officer

Laurent Guillot
Chief Financial Officer

Claire Pedini
Senior Vice-President in charge of Human Resources

Antoine Vignial
Corporate Secretary in charge of Corporate Social Responsibility

The Executive Committee meets once a week.

SENIOR MANAGEMENT COMMITTEE

Pierre-André de Chalendar
Chairman and Chief Executive Officer

Benoît Bazin
Senior Vice-President in charge of the Building Distribution Sector

Jean-Claude Breffort
Senior Vice-President in charge of International Development

John Crowe
Senior Vice-President, General Delegate for North America

Patrick Dupin
President, Flat Glass Activity (Innovative Materials Sector)

Jean-Pierre Floris
Senior Vice-President in charge of the Packaging Sector and of the oversight of the Innovative Materials Sector

Laurent Guillot
Chief Financial Officer

Peter Hindle
Senior Vice-President in charge of sustainable habitat solutions, General Delegate for the United Kingdom, Ireland, South Africa, Mozambique, Namibia and Zimbabwe

Claude Imauven
Senior Vice-President in charge of the Construction Products Sector

Claire Pedini
Senior Vice-President in charge of Human Resources

Jean-François Phélizon
Senior Vice-President in charge of Internal Audit and Internal Control

Didier Roux
Vice-President, Research & Development and Innovation

Antoine Vignial
Corporate Secretary in charge of Corporate Social Responsibility

The Senior Management Committee meets once a month.

LIAISON COMMITTEE

Pierre-André de Chalendar
Chairman and Chief Executive Officer

The members of the Senior Management Committee

The General Delegates

The heads of the following businesses:

Saint-Gobain Glass (Houchan Shoeibi), Saint-Gobain Sekurit (Patrick Dupin), Glassolutions (Jean-Marie Vaissaire), Abrasives (Patrick Millot), Ceramic Materials (Guillaume Texier), Performance Plastics (Thomas Kinisky), Pipe systems (Vincent Legros), Gypsum (Claude-Alain Tardy), Insulation (Emmanuel Normant), Industrial Mortars (Jean-Luc Gardaz), Point.P (Patrice Richard), Lapeyre (Patrick Bertrand), SGBD UK & Ireland (Mark Rayfield), SGBD Deutschland (Udo Brandt), SGBD Nordics (Kare O. Malo), Packaging United States (Joseph Grewe).

The Vice-President, Information Systems and Group Purchasing (Frédéric Verger)

The Vice-President, Group Marketing (Gérard Aspar)

The Liaison Committee meets three times a year.

AUDITORS

EXTERNAL CONTROL OF THE COMPANY

As of December 31, 2013, the Company's auditors were:

- PricewaterhouseCoopers Audit[(1)], 63 rue de Villiers, 92208 Neuilly-sur-Seine, represented by Pierre Coll and Jean-Christophe Georghiou, reappointed on June 3, 2010, for a six-year term expiring at the 2016 Annual General Meeting.
- KPMG Audit, Department of KPMG S.A.[(1)], 1 Cours Valmy, 92923 La Défense, represented by Jean-Paul Thill and Philippe Grandclerc, reappointed on June 7, 2012 for a six-year term expiring at the 2018 Annual General Meeting.

The substitute auditors are:

- Yves Nicolas, 63 rue de Villiers 92208 Neuilly-sur-Seine, appointed on June 3, 2010 for a six-year term expiring at the 2016 Annual General Meeting.
- Fabrice Odent, 1 Cours Valmy 92923 La Défense, appointed on June 7, 2012 for a six-year term expiring at the 2018 Annual General Meeting.

Fees paid by the Group to the Auditors and the members of their network for 2013

(in € millions)	PricewaterhouseCoopers				KPMG			
	Amount		%		Amount		%	
	2013	2012	2013	2012	2013	2012	2013	2012
Audit								
Statutory and contractual audits								
Compagnie de Saint-Gobain	0.6	0.6	5%	5%	0.7	0.6	6%	5%
Fully-consolidated subsidiaries	9.8	10.4	86%	84%	9.4	9.6	86%	89%
TOTAL	**10.4**	**11**	**91%**	**89%**	**10.1**	**10.2**	**92%**	**94%**
Other audit-related services								
Compagnie de Saint-Gobain	0.1	0.3	1%	2%	0.1	0.1	1%	1%
Fully-consolidated subsidiaries	0.5	0.9	4%	7%	0.5	0.5	5%	5%
Subtotal	**0.6**	**1.2**	**5%**	**9%**	**0.6**	**0.6**	**6%**	**6%**
TOTAL	**11.0**	**12.2**	**96%**	**98%**	**10.7**	**10.8**	**98%**	**100%**
Other services provided by members of the network to fully-consolidated subsidiaries								
Legal and tax advice	0.4	0.2	4%	2%	0.2	0.0	2%	0%
Other (fees representing over 10% of the audit fees)	0	0	0%	0%	0.0	0.0	0%	0%
Subtotal	**0.4**	**0.2**	**4%**	**2%**	**0.2**	**0**	**2%**	**0%**
TOTAL	**11.4**	**12.4**	**100%**	**100%**	**10.9**	**10.8**	**100%**	**100%**

RELATED PARTY AGREEMENTS

Related-party agreements entered into during the year

No related-party agreements were entered into in 2013.

(1) Members of Compagnie Régionale des Commissaires aux Comptes, Versailles (France).

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

(Annual General Meeting for the approval of the financial statements for the year ended December 31, 2013)

This is a free translation into English of the Statutory Auditors' report on related party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie de Saint-Gobain, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING ON JUNE 5, 2014

Agreements and commitments authorized during the year

We were not informed of any agreement or commitment to be submitted for approval at the Annual General Meeting in accordance with article L.225-38 of the French Commercial Code.

Agreements and commitments authorized since the year-end

We were informed of the following agreements and commitments, which have been authorized since the year-end by the Board of Directors.

Commitments given to Pierre-André de Chalendar concerning the compensation and benefits potentially due, in certain cases, on the termination of his duties as Chairman and Chief Executive Officer

On recommendation of the Appointments, Remuneration and Governance Committee, at its meeting of March 20, 2014, the Board of Directors authorized the implementation of benefits payable to Pierre-André de Chalendar on the termination of his duties as Chairman and Chief Executive Officer ("compensation for termination of office") of Compagnie Saint-Gobain (the "Company"). The terms and conditions of this compensation for termination of office are as follows:

1. The compensation for termination of office will be paid in the event of the forced termination of Pierre-André de Chalendar's duties as Chairman and Chief Executive Officer, irrespective of the form of termination, resulting from a change in control or strategy, if and only if:

a. he is removed from office or his appointment as Chairman and Chief Executive Officer is not renewed, other than at his own initiative or as a result of gross or willful misconduct (by reference to case law relating to employment matters) or serious misconduct not related to his duties as Chief Executive Officer (in accordance with the case law definition), or

b. he is forced to resign within the twelve months following:

- the date of approval by the shareholders of a merger or demerger affecting the Company, or
- the date on which a third party or group of third parties acquires control of the Company (in accordance with article L.233-3 of the French Commercial Code), or
- the announcement by the Company's management bodies of a significant shift in the Group's strategy leading to a major change in its business.

2. No compensation for termination of office will be due if Pierre-André de Chalendar leaves the Company at his own initiative in circumstances other than those described in 1. above, or in one of the circumstances described in 1. above, if he would have been eligible to retire during the following twelve months and to receive a pension under the SGPM supplementary benefit plan for engineers and managers.

3. The amount of the compensation for termination of office will be equal to no more than double the amount of Pierre-André de Chalendar's total gross annual compensation as Chairman and Chief Executive Officer, defined as the sum of the fixed portion of the annual compensation of the Chairman and Chief Executive Officer received as of the date of termination of his duties, and the average annual variable bonus of the Chairman and Chief Executive Officer received or receivable in respect of his last three years in office (this total gross annual compensation is defined hereinafter as the "Reference Compensation").

4. Payment of the compensation for termination of office will be subject to fulfilment of a performance condition evidenced by the Board of Directors' decision to award him an average bonus for the last three full years ended before the termination of his duties as Chairman and Chief Executive Officer at least equal to one half of the average maximum bonus.

Payment of the compensation for termination of office will be dependent on the Board of Directors' acknowledgement, under the conditions set out by the legislation in force, of the fulfilment of this performance condition as of the date his duties are terminated.

On the recommendation of the Appointments, Remuneration and Governance Committee, at its meeting on March 20, 2014, the Board of Directors authorized the signature of a firm and irrevocable non-compete agreement between Pierre-André de Chalendar and the Company for a period of one year from the date on which his functions as Chairman and Chief Executive Officer are terminated in circumstances qualifying him for the compensation for termination of office. In consideration for this commitment, Pierre-André de Chalendar will receive compensation equal to the Reference Compensation, it being specified that the amount of the compensation for termination of office due to Pierre-André de Chalendar will, if necessary, be reduced so that the sum of the compensation under the non-compete agreement and the compensation for termination of office amount to no more than two times the Reference Compensation.

On the recommendation of the Appointments, Remuneration and Governance Committee, at its meeting on March 20, 2014, the Board of Directors decided that, in the event of termination of his duties as Chairman and Chief Executive Officer under circumstances qualifying him for the compensation for termination of office, it reserves the right, on the proposal of the Appointments, Remuneration and Governance Committee, to choose whether or not to maintain all or some of Pierre-André de Chalendar's rights to Saint-Gobain stock options, performance shares and performance units granted to him as of the date of termination that have not been delivered as of this date or for which the exercise period has not expired, as the case may be, subject always to, where applicable, the performance condition(s) set out in the plans concerned have been fulfilled.

Pension plan for Pierre-André de Chalendar in his capacity as non-salaried executive corporate officer

On the recommendation of the Appointments, Remuneration and Governance Committee, at its meeting on March 20, 2014, the Board of Directors decided, in accordance with article 17 of the rules and regulations of the SGPM supplementary pension plan for engineers and managers, that Pierre-André de Chalendar would continue to benefit in full from the provisions of said rules and regulations under the same conditions as those applicable to all members of the pension plan.

Benefits under the Group health and personal risk insurance contracts applicable to Compagnie Saint-Gobain employees to be maintained for Pierre-André de Chalendar in his capacity as non-salaried executive corporate officer

On the recommendation of the Appointments, Remuneration and Governance Committee, at its meeting on March 20, 2014, the Board of Directors decided that Pierre-André de Chalendar would continue to benefit in full from the Group health and personal risk insurance contracts entered into with GAN and Mutuelle Malakoff Médéric respectively.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in previous years

a) which were implemented during the year

Pursuant to article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved in previous years by the Annual General Meeting, were implemented during the year.

Nature and date of approval by the Annual General Meeting	Person(s)/entity(ies) concerned	Implementation in the year ended December 31, 2013
Agreements authorized as part of the initial public offering of Verallia on the regulated market of NYSE Euronext in Paris, and the postponement of the initial public offering *Approved by the Annual General Meeting of:* June 7, 2012 (Statutory Auditors' special report of March 9, 2012)	Chairman and Chief Executive Officer of Compagnie de Saint-Gobain and Chairman of the Board of Directors of Verallia: Pierre-André de Chalendar	The nature and terms of such contracts and agreements and co-contractors are presented in the appendix to this report
Agreement with Wendel, a shareholder of Compagnie de Saint-Gobain *Approved by the Annual General Meeting of:* June 7, 2012 (Statutory Auditors' special report of March 9, 2012)	Wendel, shareholder with an interest of over 10% in Compagnie de Saint-Gobain Directors: Frédéric Lemoine, Chairman of the Management Board of Wendel and Bernard Gautier, member of the Management Board of Wendel	This agreement, which was entered into on May 26, 2011 for a ten-year term, and which sets out the principles and objectives of the long-term cooperation between Wendel and Saint-Gobain, has not given rise to any payment and mainly concerns corporate governance, voting rights and changes in Wendel's interest in the capital of the Company
Group health and personal risk insurance contract for employees and corporate officers *Approved by the Annual General Meeting of:* June 3, 2010 (Statutory Auditors' special report of March 26, 2010)	*Chairman and Chief Executive Officer:* Pierre-André de Chalendar	Payment of €6,609 made by the Company for Pierre André de Chandelar's insurance coverage in respect of 2013
Bank bond and counter-guarantee for the payment of the fine imposed by the European Commission concerning the automotive glass industry *Approved by the Annual General Meeting of:* June 4, 2009 (Statutory Auditors' special report of March 19, 2009)	*Director:* Michel Pébereau, Director	BNP Paribas received a total sum of €3.6 million from the Company in relation to this guarantee

b) which were not implemented during the year

Furthermore, we were informed that the following agreements and commitments, already approved by an Annual General Meeting in previous years, remained in force but were not implemented during the year.

Nature and date of approval by the Annual General Meeting	Person(s)/entity(ies) concerned
• Commitments concerning the payment of compensation and termination benefits, in certain cases, on the termination of the Chairman and Chief Executive Officer's duties • Non-compete agreement valid in certain cases on the termination of the Chairman and Chief Executive Officer's duties *Approved by the Annual General Meeting of:* June 3, 2010 (Statutory Auditors' special report of March 26, 2010)	*Chairman and Chief Executive Officer:* Pierre-André de Chalendar
• Defined benefit pension plan for the Company's Chairman and Chief Executive Officer *Approved by the Annual General Meeting of:* June 5, 2008 (Statutory Auditors' special report of April 7, 2008)	*Chairman and Chief Executive Officer:* Pierre-André de Chalendar

Neuilly-sur-Seine and Paris La Défense, March 24, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit

Pierre Coll Jean-Christophe Georghiou

KPMG Audit
Department of KPMG S.A.

Jean-Paul Thill Philippe Grandclerc

APPENDIX TO THE STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Nature and Purpose	Co-contractants	Main terms and conditions of implementation at December 31, 2013
Transitional Services Agreement and its amendment	Compagnie de Saint-Gobain acting in its name and on its behalf as well as in the name and on behalf of other companies of the Saint-Gobain Group (hereinafter collectively referred to as "Saint-Gobain") on the one hand, and Verallia and the companies in the Packaging sector (hereinafter collectively referred to as "Verallia") on the other hand	These agreements set out the conditions under which Saint-Gobain will continue to provide Verallia with services during a transitory period. The duration of this period varies according to the type of services concerned: financial, human resources, IT and telecommunications, legal, tax and insurance and real-estate services. The annual compensation or the compensation per assignment were set out in the agreements for each service and each beneficiary. The compensation is revised every year subject to a mutual agreement Under this agreement, Saint-Gobain billed Verallia €11,138 thousand including €617 thousand in the name of Compagnie de Saint-Gobain, for the year ended December 31, 2013
Technical and Research Agreement and its amendment	Compagnie de Saint-Gobain acting in its name and on its behalf as well as in the name and on behalf of other companies of the Saint-Gobain Group (hereinafter collectively referred to as "Saint-Gobain") on the one hand, and Verallia and the companies in the Packaging sector (hereinafter collectively referred to as "Verallia") on the other hand	This agreement sets out the conditions under which Verallia will continue to benefit from (i) the development of certain entities of the Saint-Gobain Group responsible for technical development and research in glassmaking, (ii) the implementation of the cross-licensing between Saint-Gobain and Verallia of the trademarks necessary for the performance of their activities, and (iii) the right to participate in Saint-Gobain's cross-cutting strategic research and development programs. This agreement has a five-year term which began on June 1, 2011 Under this agreement, Saint-Gobain billed Verallia €4,413 thousand for the year ended December 31, 2013. Compagnie de Saint-Gobain did not bill any amounts in its own name
Trademark License Agreement and its amendment	Compagnie de Saint-Gobain on the one hand, and Verallia and the companies in the Packaging sector (hereinafter collectively referred to as "Verallia") on the other hand	This agreement sets out the conditions under which Verallia will continue to benefit from its right to the free use of the Saint-Gobain brand for its company names, material, property, plant and equipment, and domain names as well as the trademarked abbreviation "SG" and for a transitory period from the date on which Compagnie de Saint-Gobain no longer holds, directly or indirectly, more than 50% of Verallia's capital or voting rights

INTERNAL CONTROL

REPORT ON INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Report of the Chairman of the Board of Directors on certain aspects of corporate governance, on Compagnie de Saint-Gobain's internal control and risk management systems and on any restrictions on the Chief Executive Officer's powers.

This report has been drawn up in application of article L.225-37 of the French Commercial Code and has been approved by the Board of Directors.

Corporate governance

Under French law, the Chairman is required to report to shareholders on certain aspects of corporate governance. The required disclosures concern the composition of the Board, its organization and practices, the Company's compliance with and implementation of a recognized corporate governance code, the formalities for participating in General Meetings, the principles and rules applied by the Board to determine the compensation and benefits awarded to executive directors and any other information that could have a bearing on a takeover bid for the Company. This information is provided in the following sections of this registration document: Membership of the Board of Directors, Re-election of Directors, Board organization and practices, Committees of the Board, Corporate governance, Bylaws, Directors' compensation, Compensation and benefits of the Chairman and Chief Executive Officer, and Information that could have a bearing on a takeover bid (pages 73 to 93), which are incorporated by reference in this report of the Chairman.

COMPAGNIE DE SAINT-GOBAIN'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Saint-Gobain's internal control and risk management system is based on the internal control and risk management framework issued by the French securities regulator (*Autorité des marchés financiers* - AMF), as updated in July 2010, and complies with the legal requirements applicable to companies listed on the Paris Stock Exchange.

Supported by a continuous improvement process and an internal control reference base, Saint-Gobain Group's internal control and risk management system is a set of resources, behaviors, procedures and initiatives tailored to each company's specific characteristics that:

- contributes to the control of the business, the efficiency of operations and the efficient use of resources;
- enables the Company to appropriately address material operational, financial, compliance and other risks.

It is specifically designed to provide assurance concerning:

- the Company's compliance with the applicable laws and regulations, in particular regarding anti-corruption measures and economic sanctions;
- application of senior management's instructions and guidelines;
- the efficiency and effectiveness of internal operating, industrial, marketing, financial and other processes;
- the protection of tangible and intangible assets; in particular the prevention of fraud;
- the reliability of financial information.

Deployed in all subsidiaries, the Saint-Gobain Group's internal control and risk management system is therefore more than just a set of procedures and it extends beyond accounting and financial processes.

Internal control fundamentals

The fundamentals of an efficient and effective internal control system include:

- adherence to the values and behavioral rules set out in the Saint-Gobain Principles of Conduct and Action (see page 40), which are distributed to all employees;
- clearly defined organization and allocation of responsibilities, supported by written procedures and ensuring effective segregation of tasks;
- delegations of signature authority and other powers that are aligned with the allocation of responsibilities and supported by controls over their use;
- human resources management policies aimed at ensuring that new hires have the knowledge and skills needed to fulfill their responsibilities and that existing employees are helped to improve their knowledge;
- written internal procedures distributed in an appropriate manner to employees;
- secure information systems with access rights granted on the basis of allocated roles and responsibilities, to maintain effective segregation of tasks. Subsidiaries have an obligation to comply with the basic security rules issued by the Group Information Systems Department.

Internal control and risk management process

Within Saint-Gobain, internal control is a continuous process that integrates risk management procedures and involves (i) analyzing the main risks, (ii) developing controls that are proportionate to the risks involved, (iii) communicating control objectives to employees, (iv) implementing basic controls, and (v) carrying out oversight controls and regularly checking the process's effectiveness. The process is described in the internal control reference base and applies to all Group subsidiaries.

Oversight controls and effectiveness checks may lead to corrective action being taken, to ensure that the internal control and risk management system evolves as needed.

Implementation of the internal control and risk management process within Group entities

Saint-Gobain Group units implement the internal control and risk management process and adapt it to their own organization, notably by identifying any operational risks specific to their entity. This entails following a five-step process:

- checking that the fundamentals of internal control have been deployed;
- implementing the essential controls described in the internal control reference base;
- analyzing the main risks and extending the internal control and risk management system by incorporating controls for managing the identified risks;
- deploying the internal control and risk management system in all of the unit's facilities;
- overseeing the internal control and risk management system, in particular for the purposes of the compliance statement.

Compliance statement

Compliance statements are used to periodically assess units' compliance with a limited number of internal control reference base fundamentals.

The Senior Vice-Presidents of the operating units, the heads of the IT centers and the heads of the shared service centers report annually to the Group Chief Executive Officer on the level of internal control within their unit or center, by filling out a questionnaire relating to the internal control reference base. They also commit to taking all necessary action to remedy any cases of non-compliance with the reference base.

The compliance statements and action plans are centralized and tracked by the Internal Control unit which also prepares an executive summary of the information. They are reviewed with the heads of the Sectors, General Delegations and corporate departments and are the subject of an annual report to the Group Chief Executive Officer and to the Financial Statements Committee of the Board of Directors.

The compliance statement comprises questions covering the control environment, internal control procedures and internal control activities.

Monitoring action plans

A database is used to centralize information about the measures implemented to remedy any non-compliance issues identified during the compliance statement process, and about the action plans drawn up following audits performed by the Internal Audit unit.

This means that each Group company has access to a centralized platform that it can use to manage its action plans by reporting the corrective measures taken and the progress made compared with the predefined implementation schedule. The Group Finance, Purchasing, Human Resources, EHS and IT departments can also use the system to monitor these action plans.

Compliance statements, internal audit memoranda and related action plans are monitored via a scorecard used by the heads of the Sectors, Activities and General Delegations.

ORGANIZATION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Everyone within the organization has some responsibility for internal control, from senior management down to the employees of the individual units.

Board of Directors

In 2012, a report on the Group Compliance Program, mainly focusing on internal control and risk management, was submitted to the Board of Directors after being reviewed by the Financial Statements Committee.

Senior management

Group senior management oversees implementation of the internal control process and the existence and appropriateness of internal control and risk management monitoring systems within the subsidiaries.

Internal Audit and Internal Control Department

The Internal Audit and Internal Control Department organizes oversight of internal control and risk management systems based on the compliance statement, the results of internal audits, the action plan tracking system and the incident monitoring system. The Internal Audit and Internal Control Department plays a key role in the Group Compliance Program.

On the instructions of senior management, the Internal Control unit is responsible for designing the Group's internal control and risk management system and coordinating its deployment, working with the corporate departments, the General Delegations and the Sectors. Its main responsibilities are to:

- develop and maintain the internal control reference base;
- communicate and provide training on internal control and risk management;
- lead the annual compliance statement process;
- analyze incidents, the compliance statements and the results of audits, and propose upgrades to the internal control system;
- monitor implementation of the action plans decided following these exercises;
- monitor internal control indicators on a scorecard.

In 2013, some 200 managers and senior managers of the Group received training in internal control, risk management and fraud prevention.

The Internal Audit unit is tasked with deploying a systematic and methodical approach designed to provide assurance concerning the appropriateness and effectiveness of the internal control systems and issuing recommendations for improvement. Its main responsibilities are to:

- check that compliance statements and action plans drawn up by the units to achieve the required level of compliance are appropriate;
- audit internal control processes in order to check their compliance with the rules set by the Group and their effectiveness considering the situation of the audited unit;
- monitor compliance with recommendations through to execution of action plans.

The Internal Audit unit also conducts value-added research into cross-functional issues, on behalf of a Sector or the Company, with the aim of improving performance.

The research and audits are planned by the Internal Audit and Internal Control Department based on the overall internal audit program approved by senior management and communicated to the Financial Statements Committee of the Board of Directors.

The internal audit program is based on the annual proposals of the Sector Senior Vice-Presidents, the General Delegates and the heads of the corporate departments. The Internal Audit and Internal Control Department may also be asked to perform unscheduled audits during the year.

The internal auditors are based at the Company's head office and in the main General Delegations. They are hired internally and externally according to a rigorous selection procedure. Some 180 internal audits were carried out in 2013. Copies of the auditors' reports were given to senior management as well as to the Sector Senior Vice-Presidents and General Delegates concerned. A report is issued at the end of each audit, describing the internal auditors' observations. The audited unit is given the opportunity to respond to these observations, after which a set of recommendations is issued, together with an action plan that the audited unit is required to implement within a fixed timeframe.

A particular effort was made in 2013 to align the methods used by the various internal audit teams, leading to better quality observations across the board. Other key action points during the year included significantly increasing the number of systematic analyses of the Group's potential information systems risks in order to assess the effectiveness of the internal control system, and rolling out to the shared service centers an internal control self-assessment method called "World Class Administration". Also, throughout the year, the Internal Audit and Internal Control Department rigorously monitored the effective implementation of all of its action plans.

The external auditors are given copies of all internal audit reports, and the Internal Audit and Internal Control Department receives copies of the external auditors' reports, as well as summary descriptions of their internal control and information systems reviews. An executive summary is sent to the Financial Statements Committee of the Board of Directors.

In line with the anti-fraud policies defined by senior management, the Fraud Prevention Officer is responsible for verifying the effectiveness of prevention measures, investigating incidents of fraud reported by Group entities and reporting to senior management on a monthly basis. His role is to preserve and secure the Group's assets, reduce the risk of a recurrence of fraud and take corrective action where process weaknesses are identified. In this capacity, he regularly updates the Group's fraud prevention policies and tracks incidents on a fraud risk map. He also defines, leads and coordinates training and awareness-building initiatives that are integral to a successful fraud prevention program.

Corporate departments

The corporate departments are responsible for setting up an internal control organization and defining internal control strategies and procedures in their area. To this end, they:

- identify and analyze the main risks associated with their internal processes;
- define appropriate controls based on those described in the internal control reference base;
- inform and train the employees responsible for internal controls within their area;
- analyze any internal control weaknesses or incidents and the results of internal audits.

The corporate departments are also responsible for the internal control system within Compagnie de Saint-Gobain units.

Environment, Health and Safety Department

The Environment, Health and Safety (EHS) Department leads and coordinates the Group policy in these areas. It has produced a reference manual (see below) describing the EHS management system requirements that all site managers are expected to comply with.

The EHS Department checks application of the reference manual procedures through detailed audits commissioned by the Company, the General Delegations or the Sectors roughly every three years.

The audits are based on a 12 or 20-step plan for manufacturing units. They are performed by staff working in the operating units – often in the area of EHS or in plant management – who have received specific training in auditing techniques.

Audits are assigned to staff from a different Sector on a priority basis. All three areas are covered – environmental protection, health and safety – in an integrated process. The audit standards comply with OSHAS 18001 and ISO 14001.

A specific, customized audit plan has been developed for the Building Distribution Sector to replace the 12-step plan used previously. Known as ESPR for Environment, Safety and Prevention of Risks, the plan also includes a section on equipment safety and business interruption risk. The majority of ESPR auditors belong to the Building Distribution Sector.

In 2013, 69 twelve-step audits, 193 twenty-step audits and 364 ESPR audits were carried out within the Group.

To enable unit managers to quickly and easily obtain an overview of their unit's performance in relation to Saint Gobain's EHS management system criteria, a self-assessment tool has been developed, comprising a detailed list of questions and a measurement scale. There are two types of self-assessment packs for small units (less than 50 employees), one for industrial operations and the other for distribution operations.

Information Systems Department

In addition to its general responsibilities with regard to information systems, the Information Systems Department is tasked with drawing up Group systems and network security policies.

The department's Information Systems Security unit leads and coordinates yearly self-assessment exercises in these areas, supported by a reporting system that provides a basis for measuring the advances made by the various units and initiating any necessary action.

Risks and Insurance Department

The Risks and Insurance Department defines the Group's policies for managing risks related to industrial and distribution sites. It issues risk prevention and insurance guidelines, supported by a self-assessment tool for managers of manufacturing and distribution units, and organizes visits to key sites by external risk prevention auditors. In 2013, around 480 such visits took place. At the end of each audit, recommendations are issued to enable site managers to draw up an action plan. In addition, training sessions are organized on-site – with 24 held in 2013 – to equip operational managers with the technical skills they need to implement prevention policies at their respective locations and the ability to test and update their business continuity plans.

In addition to helping to reduce the risk of accidents, the audits serve to align insurance coverage with potential risks by setting appropriate limits on claims.

Since 2004, property and casualty risks related to industrial and distribution sites, except in Algeria, Brazil and Morocco, are insured by a wholly-owned captive insurance company, with a cap of €12.5 million per claim in the Innovative Materials, Construction Products and Building Distribution Sectors. The use of a captive insurance company facilitates sites risk prevention decisions.

The subsidiaries' property & casualty and liability insurance programs are managed by the Risk and Insurance Department either directly or indirectly through the General Delegations.

Treasury and Financing Department

The Treasury and Financing Department defines financing policies for the entire Group (Compagnie de Saint-Gobain, the General Delegations and the subsidiaries).

Cash management transactions are subject to periodic controls.

The Treasury and Financing Department monitors the cash position on a daily basis and analyzes the Group's gross and net debt positions at each month-end by currency, maturity and type of interest rate (fixed or variable), before and after hedging, via a monthly reporting system. Due to Compagnie de Saint-Gobain's central role in the Group's financing, its debt structure is monitored through a specific monthly reporting system.

The Internal Audit unit performs periodic reviews, on a rotating basis, of transactions by the General Delegations' cash management units, to check their compliance with Treasury and Financing Department policies and to verify the quality of internal control.

Internal controls over cash management transactions are an integral part of internal audit plans for the subsidiaries and are also examined by the subsidiaries' external auditors.

The Group's risk factors are described on pages 117 to 124. The Treasury and Financing Department has drawn up a set of procedures for managing these risks which is updated on a regular basis and applies to the subsidiaries and General Delegations. The Department also performs compliance controls on financial market transactions carried out by the Corporate Treasury unit.

In addition, the Company's external auditors carry out the following reviews and audits of the Treasury and Financing Department:

- a half-yearly review and an annual audit covering (i) the type of treasury transactions carried out, (ii) the accounting treatment used for these transactions and (iii) the underlying risks;
- an annual review of the security of information systems used by the Department for conducting its operations.

Management and Financial Control Departments

The Management Control Department is responsible for carrying out controls over the Group's earnings and operating performance. It participates in drawing up the budget and the quarterly budget reviews and oversees the monthly earnings figures of the subsidiaries and Sectors and the Group as a whole. It also plays an active role in operational performance improvement projects and controls their costs and cost effectiveness. The Financial Control Department is responsible for validating capital expenditure, acquisition, divestment and merger projects and corporate actions prepared by the Sectors, following a detailed analysis of their financial impacts. The validation process also includes consulting the corporate departments and the General Delegation concerned about the project's legal, tax and employment aspects. The financial controllers' analyses are submitted by the Finance Department with the authorization request to Group senior management for a decision.

Sectors and Activities

The heads of the Sectors and Activities are responsible for distributing the internal control reference base to their various units and for ensuring compliance with Group instructions. They are also responsible for managing the specific risks associated with their business.

General Delegations

The General Delegates are responsible for distributing the internal control reference base to the companies in their Delegation and for ensuring compliance with Group instructions. Working with the Sector and Activity heads, they determine any specific conditions in which the controls defined by the Group are implemented so that local particularities can be taken into account, and deploy any additional controls that are necessary due to the specific risks associated with operations in the countries covered by the Delegation.

STANDARDS AND PROCEDURES

Compagnie de Saint-Gobain has developed numerous internal control and risk management procedures for its own needs and those of its subsidiaries.

Internal control reference base

The internal control reference base describes the Group's internal control and risk management system and presents, in a manual, all the controls to be implemented (totaling around five hundred). All the subsidiaries are required to implement the controls identified as "essential", of which there are around one hundred and fifty.

The internal control manual is organized around the following areas: Senior Management, Research & Development, Marketing, Sales & Customer Service, Inventories & Purchasing Logistics, Manufacturing & Plant Operations, Risk Prevention & Insurance, Environment, Health & Safety, Human Resources, Communication, Information Systems, Legal, Tax, Cash Management & Financing, Accounting & Non-current Assets, Financial Management & Consolidation and Shared Services. It lists the main risks to which the Group is exposed in each of these areas and describes the controls that need to be performed to contain them. A risk/control matrix is also provided in the manual, and each chapter is broken down into sub-processes.

Each unit is required to incorporate the "essential" controls in its internal procedures, with any adjustments that may be necessary depending on the unit's own organization.

The internal control reference base is updated as necessary and checklists are added to help the Group's different entities clearly understand how to implement internal control rules. Five such checklists have been published to date, concerning: (i) delegations of signature authority and other powers, (ii) confidentiality management, (iii) segregation of tasks, (iv) gap analysis and (v) risk management.

Group financial, administrative and management procedures

The Doctrine Department is responsible for preparing all financial, administrative and management procedures applicable to Group companies. Together, they compose a body of rules, methods and procedures enshrined in some 280 documents accessible on the Group's intranet, that can be used by the individual units as a basis for developing their own internal procedures. The rules, methods and procedures are organized in four chapters, Group Organization & Procedures, Financial Reporting, News & Meeting Reports, and Issues Specific to France.

Doctrine briefs are prepared by the corporate and/or operational departments concerned, and are then approved by the Doctrine Committee made up of representatives of the Sectors and General Delegations and the heads of the corporate departments.

Reports on the Doctrine Department's activities are prepared three times a year for the Financial Statements Committee of the Board of Directors.

Numerous actions are undertaken to relay the Group's financial, administrative and management procedures. For example:

- around sixty doctrine briefs are issued or updated each year and made available on an intranet;
- Doctrine Newsletters are sent by e-mail to some 1,500 people within the Group and various other communication media are used to highlight specific financial developments;
- training sessions, seminars and meetings are also organized on issues examined by the Doctrine Department;
- the Doctrine Department also provides guidance on accounting issues, examining over 500 questions submitted directly by Group companies in 2013.

Environment, Health and Safety (EHS) reference manual

The EHS reference manual describes the approach to be followed by all units to meet the Group's overall objectives in terms of environmental protection and the prevention of workplace accidents and occupational diseases. The approach is organized around the core processes of identifying risks, implementing preventive action and assessing and monitoring the system's effectiveness.

The EHS reference manual is accessible on the Group intranet and is distributed to all sites. In 2012, the manual was updated in alignment with new standards, changing EHS management practices and the Group's World Class Manufacturing (WCM) program. The new version of the manual was released in 2013 and training programs were launched to accompany its rollout within the Group's sites.

The EHS Department and its network of correspondents have also drawn up EHS standards describing the methods to be applied to resolve specific environmental, health and safety issues. Implementation guides, procedures, training packs and computer applications have been developed to support application of the standards. These tools help to ensure that risks are measured and controlled according to the same preventive base at all Group units, whatever the country and the local laws and regulations.

NOS (NOise Standard) is a standard for identifying, assessing and managing potential exposure to noise in the workplace. Developed in 2004, it was rolled out to the entire Group in 2005, including units outside Europe.

TAS (Toxic Agents Standard) serves to identify, assess and manage potential exposure to toxic agents in the workplace. A trial version of the standard was launched in 2005 in the form of a guide to using crystalline silica, which is now being applied. The TAS framework document dated November 29, 2006 describes the background to the TAS, its objectives and how its application guides and dedicated tools should be used. Since the pilot crystalline silica project, three new TAS application guides have been developed concerning: construction, renovation and maintenance of smelting furnaces, the handling of nanomaterials at the research and development centers (updated in 2008) and the use of fibrous materials. The guides are updated regularly – generally every three years – to keep pace with regulatory changes and improved understanding of industrial health and safety risks.

A new SAFHEAR (SAFety and HEAlth Risk assessment) tool for managing toxic, mechanical, electrical and other risks, based on internal and external best practices, is currently being deployed at all of Saint-Gobain's manufacturing facilities. The health and safety risk assessment module was developed in 2013. It is designed to help the manufacturing facilities manage risks other than toxic risks while also ensuring that they comply with local regulations. The overall policy and related resources are aimed at guaranteeing uniform prevention of health risks for all employees and product users.

The standard dealing with the implementation of a broad-based approach to assessing industrial risks covers the identification and measurement of potential health and safety risks at Group sites, in order to set priorities and develop action plans for reducing and controlling those risks.

The accident analysis standard defines the criteria needed to analyze the causes of accidents.

Safety standards have been drawn up concerning work at height, the management of outside contractors working on site, work permits, commissioning/decommissioning procedures, machinery, fork-lift trucks, confined spaces, vehicle and pedestrian safety, storage, and logistics operations. Two new standards were added in 2013, on road risks and the purchase and use of cell phones and smartphones. Also during the year, the 2012 updated version of the SMAT (Safety MAnagement Tool) standard was rolled out.

Information systems security

The Information Systems Department compiles rules and best practices concerning information systems and networks, based on four sets of compulsory minimum security rules in the following areas:

- infrastructure, with 15 minimum security rules (22 control points, 219 units) and SGTS Security Reporting (34 control points, 16 SGTS covering 371 units);
- industrial information technology systems, with 14 minimum security rules (20 control points, 291 units with critical or large industrial IT systems);
- research and development systems, with seven minimum security rules (11 control points, 12 units);
- applications, with 17 minimum security rules (35 control points, 50 skills centers).

Technical standards are also issued and updated to keep pace with technological advances.

In addition, the ITAC guide was published in 2012 to complement the internal control reference base. It describes the programmed and semi-programmed controls used for five key processes: Purchasing, Sales, Inventories, Cash Management and Accounting. The controls are being gradually integrated into the Group's information systems as follows:

- ITAC100 for SAP systems (deployed in 11 SAP systems);
- ITAC96 for MOVEX M3 systems (deployed in one M3 system);
- ITAC85 for EXACT systems.

In 2013, the Information Systems Department defined and rolled out a tool for controlling SAP user rights and managing conflicting task segregations. This tool will be gradually integrated into all of the Group's SAP systems.

ORGANIZATION OF INTERNAL CONTROL PROCESSES RELATED TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION FOR SHAREHOLDERS

Parent company financial statements

The Accounting Department is responsible for producing financial information for shareholders, partners and other third parties in accordance with French legal requirements. This information is prepared in accordance with generally accepted accounting principles, including the going concern principle, the principles of consistent application of accounting policies, alignment of the opening balance sheet with the prior-period closing balance sheet, recognition of expenses in the same period as the revenue to which they relate, segregation of accounting periods and substance over form.

Accounting organization

The accounting organization is based on the rules, methods and procedures set out in the Group's doctrine briefs. It is in charge of the monthly reconciliation and substantiation of the accounts and the creation of an audit trail. The organization also acts in an advisory capacity, working to anticipate events and regulatory changes that are likely to have a material impact on the Company's financial statements.

The chart of accounts is aligned with the Company's needs in terms of transaction classifications and complies with the materiality principle. It is linked to the Group's financial information system.

Internal control

In addition to performing controls over compliance with payment procedures and the double signature rule for secure payment media, the Accounting Department contributes to internal control through a cost accounting system that tracks expenses by cost center. Cost center managers receive monthly schedules listing the expenses incurred under their signature, allowing them to check these expenses and also to compare actual and year-to-date expenses with the budget.

A summary of these cost accounting reports is sent to the Finance Department and Group senior management at the end of each month.

Consolidated financial statements

The consolidated financial statements are prepared by the Group Consolidation and Reporting Department. This department is responsible for updating consolidation procedures, training the financial reporting teams of newly acquired subsidiaries and integrating these subsidiaries in the consolidation process, processing information, and utilizing, maintaining and developing consolidation systems and the Financial Information System for the Group and all the Sectors.

Consolidation standards

The Consolidation Department is responsible for providing information and training to subsidiaries through the Sectors and General Delegations, using the consolidation manual, data input manuals, the intranet site and an online training application in French and English. Consolidation instructions are issued for each monthly closing, describing the changes compared with the previous period-end and enhancements to reporting systems, standards and procedures.

In 2013, the Group continued its training programs concerning the reporting system and IFRS, notably as part of the process to set up shared accounting services centers and integrating them into the financial information system. Each year, the Consolidation Department organizes an average of ten such training sessions.

Organization of the Group's consolidation process

The Group has consolidation teams at the level of each direct subgroup and indirect subgroup. These teams report to the head of their Sector or General Delegation and have a dotted-line reporting relationship with the Group Consolidation and Reporting Department. This organization, which is based on the Group's organization by business (Sectors) and by region (General Delegations), is designed to guarantee the reliability of the consolidated financial statements while also ensuring that information is processed and overseen at a level as close as possible to operations staff.

Processing and control of accounting information

Each subsidiary submits its consolidation package in accordance with the timeline set by the Group. The packages are checked and processed at Sector level, reviewed by the General Delegation concerned, then transmitted to the Consolidation Department which performs an overall review of the Group accounts and records the necessary consolidation adjustments. These consolidated accounts are submitted to Group senior management every month.

The consolidated financial statements are examined by the external auditors in accordance with professional auditing standards. The subsidiaries' financial statements are audited by local auditors, who apply local auditing standards and tailor their procedures to the size of the audited unit.

Consolidation systems

The consolidated financial statements are prepared using consolidation software equipped with a powerful, efficient and highly secure database that is aligned with the Group's matrix management structure. The software is regularly updated to guarantee the financial information system's sustainability. A tightly controlled access procedure has been put in place to ensure the system's overall security, and a comprehensive access review is performed every quarter.

The software is capable of managing a database with several levels of consolidation and of transparently centralizing data in the database. It feeds data into a secure reporting system accessible on the Group's intranet for Group senior management and the management of the Sectors and General Delegations, contributing to internal control of information output.

A reporting process that contributes to financial statement reliability

The monthly reporting process contributes to the reliability of the annual and interim consolidated financial statements. Hard closes are performed at May 31 and October 31, to reduce the workload at June 30 and December 31. Hard close results and balance sheets are reviewed by finance executives from the Finance Department, the Sectors and the General Delegations in the same detail and in accordance with the same principles as the annual and interim financial statements. Their review also covers projected actual results to June 30 and December 31. The hard close is also reviewed by the external auditors. This procedure helps to ensure early detection of any errors and their adjustment during the actual close.

Since 2006, forecasts have been adjusted at quarterly intervals to reflect differences in actual year-to-date results compared with the budget. This cross-checking by head office teams, the Sectors and the General Delegations represents a key element of the Group's system of internal control over financial and accounting information for shareholders.

Each month, a consolidated report is prepared for Group senior management, supported by discussions and analyses of material events and issues of the period.

Restrictions on the Chief Executive Officer's powers

On June 3, 2010, Pierre-André de Chalendar was appointed as Chairman and Chief Executive Officer, following a Board decision to once again combine these two positions, which had been segregated on June 7, 2007.

The Internal Rules of the Board of Directors stipulate that all capital expenditure, restructuring, disposal, acquisition and financial investment and divestment projects individually representing over €150 million must be submitted to the Board for prior approval, along with any material transactions that fall outside the Group's stated strategy.

STATUTORY AUDITORS' **REPORT**

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' Report, prepared in accordance with article L.225-235 of the French Commercial Code on the Report prepared by the Chairman of the Board of Directors of Compagnie de Saint-Gobain

Year ended December 31, 2013

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie de Saint-Gobain, and in accordance with article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your company in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2013.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report.

These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris La Défense, February 19, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit *Department of KPMG S.A.*	
Pierre Coll	Jean-Christophe Georghiou	Jean-Paul Thill	Philippe Grandclerc

RISK FACTORS

MACROECONOMIC AND INDUSTRY RISKS

Most of the Group's markets are cyclical in nature. A significant portion of revenues depends on the level of investment in the construction market, which generally closely follows economic trends. Consequently, the Group's earnings are highly sensitive to national, regional and local economic conditions.

The sovereign debt crisis that began in mid-2011 accentuated the global economy's vulnerabilities.

A further deterioration in the global economic environment and in financial market conditions could have a material adverse effect on the Group's sales, earnings, cash flow and outlook.

OPERATIONAL RISKS

Risks associated with the Group's international operations

With over two-thirds of revenues generated outside France, the Group is exposed to the inherent risks of doing business internationally, including economic, political and operational risks. These risks could have a negative effect on the Group's business, results and financial position. Future changes in the political, legal or regulatory environment could have an adverse effect on the Group's assets, its ability to do business and its profitability in the countries concerned. The Group's businesses are exposed to various operational risks that could lead to operations being interrupted, or to the loss of customers or to financial losses.

In 2013, some 20% of consolidated sales were realized in fast-growing markets and Asia, where risks arising from falling GDP, exchange controls, changes in exchange rates, inflation and political instability may be greater than in developed countries.

Innovation risks

The emergence of new technologies is driving rapid change in some of the Group's markets. The Group has to keep pace with these changes and integrate the new technologies in its product offer, in order to respond effectively to customers' needs. This requires spending on research and development, with no guaranteed return on investment. The Group's sales and operating margin may be affected if it fails to invest in appropriate technologies or to rapidly bring new products to market, or if competing products are introduced or the Group's new products do not adequately respond to customers' needs.

Intellectual property risks

The Group uses manufacturing secrets, patents, trademarks and models and relies on applicable laws and regulations to protect its intellectual property rights. If the Group failed or was unable to protect, preserve and use its intellectual property rights, this could result in the loss of its exclusive right to use technologies and processes, with a material adverse effect on earnings. In addition, the laws in some of the Group's host countries may not protect intellectual property rights to the same degree as in other countries such as France and the United States. The Group may take legal action against third parties suspected of breaching its rights. Any such lawsuits may give rise to significant costs and hamper growth in sales of the products manufactured using the rights concerned.

Risk of being unable to raise prices to reflect higher costs

The Group's businesses may be affected by fluctuations in the prices and availability of raw materials and/or energy (such as natural gas). Its ability to pass on these cost increases or decreases to customers depends to a large extent on market conditions and practices. If the Group's ability to pass on increases in raw materials and/or energy costs were limited, this could have a material adverse effect on its financial position and earnings.

Risks associated with the integration of acquisitions

Historically, the Group has grown notably through acquisitions. The benefits of acquisitions depend in part on the realization of cost synergies and the seamless integration of the acquired businesses. There is no guarantee that these objectives will be met.

Restructuring risks

The Group has undertaken a variety of cost-cutting and restructuring initiatives. While further savings are planned, there is no guarantee that the forecast reductions will be achieved or that the related restructuring costs will not be more than originally budgeted. In particular, certain restructuring operations and other initiatives may cost more than expected, or the cost savings may be less than expected or take longer than expected to achieve. An increase in restructuring costs and/or the inability of the Group to achieve the expected savings could have a material adverse effect on the Group's outlook and earnings.

MARKET RISKS (LIQUIDITY, INTEREST RATE, FOREIGN EXCHANGE, ENERGY, RAW MATERIALS AND CREDIT RISKS)

Liquidity risk on financing

In a crisis environment, the Group could be unable to raise the financing or refinancing needed to cover its investment plans on the credit market or the capital market, or to obtain such financing or refinancing on acceptable terms.

There is also no guarantee that the Company's credit rating will remain at the current level.

The Group's overall exposure to liquidity risk on net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain. Except in special cases, all of the Group companies' long-term financing needs and the majority of their short-term financing needs are met by Compagnie de Saint-Gobain or by the Delegations' cash pools.

The main objective of liquidity risk management processes is to guarantee that the Group's financing sources will be rolled over at maturity and to optimize annual borrowing costs. Long-term debt therefore systematically represents a high percentage of overall debt. At the same time, the maturity schedules of long-term debt are set in such a way that replacement capital market issues are spread over time.

Medium-term notes are the main source of long-term financing used by the Group, along with bonds. However it also uses perpetual bonds, participating securities, long-term securitization programs, bank borrowings and lease financing.

Short-term debt is composed mainly of borrowings under French Commercial Paper (*Billets de Trésorerie*) programs and, from time to time, Euro Commercial Paper and US Commercial Paper programs, but also includes receivables securitization programs and bank overdrafts. Financial assets comprise marketable securities and cash equivalents.

Compagnie de Saint-Gobain's liquidity position is secured by various confirmed syndicated lines of credit.

A breakdown of long- and short-term debt is provided by type and maturity in Note 21 to the consolidated financial statements. The amounts, currencies, and acceleration clauses of the Group's financing programs and confirmed credit lines are also discussed in Note 21.

Saint-Gobain's long-term debt issues have been rated BBB with a negative outlook by Standard & Poor's since October 29, 2012 and Baa2 with a negative outlook by Moody's since November 12, 2012.

Liquidity risk on investments

Short-term investments consist of bank deposits and mutual fund units. To reduce liquidity or volatility risk, whenever possible, the Group invests in money market and/or bond funds.

Interest rate risks

The Group's overall exposure to interest rate risk on consolidated debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain. Where subsidiaries use derivatives to hedge interest rate risks, their counterparty is generally Compagnie de Saint-Gobain, the Group's parent company.

The Group's overall exposure to interest rate risk on consolidated debt is managed primarily with the objective of fixing the cost of medium-term debt and optimizing annual borrowing costs. According to Group policy, the derivative financial instruments used to hedge these risks comprise interest rate swaps, cross-currency swaps, options – including caps, floors and swaptions – and forward rate agreements.

Based on a sensitivity analysis of the Group's total net debt after hedging, a 50-basis point increase in euro interest rates at the balance sheet date would lead to a €12 million increase in net income, while a 50-basis point increase in euro and pound sterling interest rates at the balance sheet date would lead to a €6 million increase in equity.

Foreign exchange risk

The currency hedging policies described below could be inadequate to protect the Group against unexpected or sharper-than-expected fluctuations in exchange rates resulting from economic and financial market conditions.

Foreign exchange risks are managed by hedging commercial transactions carried out by Group entities in currencies other than their functional currencies. Compagnie de Saint-Gobain and its subsidiaries use forward contracts and options to hedge exposures arising from current and future commercial transactions. The subsidiaries set up options generally through the Group's parent company, Compagnie de Saint-Gobain, which then takes a reverse position on the market.

Most forward contracts are for periods of around three months. However, forward contracts taken out to hedge firm orders may have terms of more than one year.

Wherever possible, foreign exchange risks are hedged with Compagnie de Saint-Gobain upon receipt of the orders sent by the subsidiaries, or with the local delegations' cash pools. In other cases, hedges are contracted with the subsidiaries' banks.

The Group monitors its exposure to foreign exchange risk using a monthly reporting system that captures the foreign exchange positions taken by subsidiaries. At December 31, 2013, 98% of the Group's hedgeable foreign exchange position was hedged.

The net foreign exchange exposure of subsidiaries whose functional currency is not one of those presented below was as follows at December 31, 2013:

In millions of euro equivalents	Long	Short
EUR	1	2
USD	3	8
Other currencies	0	6
TOTAL	**4**	**16**

Based on a sensitivity analysis at December 31, 2013, a 10% increase in the exchange rates of the main currencies used by subsidiaries would have the following impact on net income:

Impact in € millions	Net gain or loss
EUR	(0,1)
USD	(0,5)

A 10% fall in the above exchange rates would have a positive impact in the same amounts, assuming that all other variables were unchanged.

Energy and raw materials risk

The Group is exposed to changes in the price of raw materials used in its products and in energy prices. The energy and raw materials hedging programs may be inadequate to protect the Group against significant or unforeseen price swings that could result from the prevailing financial and economic environment.

The Group limits its exposure to energy price fluctuations by using swaps and options to hedge part of its fuel oil, natural gas and electricity purchases. The swaps and options are mainly contracted in the functional currency of the entities concerned. Hedges of natural gas and fuel oil purchases are managed by a steering committee comprising members of the Group Finance Department, the Group Purchasing Department (Saint-Gobain Achats) and the relevant delegations.

Hedges of energy purchases (excluding fixed-price purchases negotiated directly with suppliers by the Purchasing Department) are generally arranged by the Group Treasury and Financing Department (or with the Delegations' treasury departments) in accordance with instructions received from Saint-Gobain Achats.

Hedges other than those mentioned above are not managed by a Group-level steering committee because:

- the volumes involved are not material, or
- there are no international price indexes used by local players and transactions are therefore based on either administered prices or strictly national indexes.

In both cases, local purchasing units manage energy risk primarily through fixed-price purchases.

The Group may from time to time enter into contracts to hedge purchases of other raw materials, in accordance with the principles outlined above for energy purchases.

Credit risk

The Group may be exposed to the risk of losses on cash and other financial instruments held or managed on its behalf by financial institutions, if any of these counterparties defaults on its obligations. Group policy is to limit its exposure by dealing solely with leading counterparties and monitoring their credit ratings, in line with guidelines approved by the Board of Directors. However, credit risks arising from transactions with financial counterparties can escalate rapidly and a high credit rating is no guarantee that an institution will not experience a rapid deterioration of its financial position. Consequently, there is no guarantee that this policy will be effective in entirely eliminating counterparty risk. Any default by a counterparty could have a material adverse effect on the Group's objectives, operating income and financial position.

To limit the Group's exposure to credit risk, the Treasury and Financing Department deals primarily with counterparties with a long-term rating of A- or above from Standard & Poor's or A3 or above from Moody's. Concentrations of credit risk are closely monitored to ensure that they remain at reasonable levels.

Note 22 to the consolidated financial statements provides details of the Group's interest rate and energy hedges, and the interest rates for the main items of debt. It also provides a breakdown of debt by currency and interest rate (fixed or variable).

OTHER RISKS

Customer credit risk

The Group's exposure to customer credit risk is limited due to its wide range of businesses, worldwide presence and very large customer base. Past-due receivables are regularly analyzed and provisions are booked whenever necessary (see Note 11 to the consolidated financial statements). Nevertheless, changes in the economic situation could lead to an increase in customer credit risk.

Consumer credit risk

The Group's exposure to consumer credit risk is also limited due to its wide range of businesses, worldwide presence and very large customer base. Past-due receivables are regularly analyzed and provisions are booked where necessary. In 2014, changes in the economic situation could lead to an increase in consumer credit risk.

Employee benefit plan risks

The Group has set up pension and other post-employment benefit plans, mainly in France, Germany, the Netherlands, the United Kingdom, the United States and Canada. Most of these plans are closed to new entrants.

The provision recognized in the consolidated balance sheet (€2.6 billion at December 31, 2013) may be affected by unfavorable changes in the actuarial assumptions used to calculate the projected benefit obligation, such as a reduction in discount rates, an increase in life expectancy or higher inflation, or by a fall in the market values of plan assets, consisting mainly of equities and bonds.

At December 31, 2013, the total projected benefit obligation was €9.4 billion (excluding the €0.8 billion concerning Verallia North America which has been reclassified as "Liabilities held for sale"). The obligation declined by €0.7 billion over the year and the fair value of plan assets remained stable at around €6.8 billion (excluding Verallia North America).

Risk of impairment of property, plant and equipment and intangible assets

Brands and goodwill make up a significant proportion of the Group's intangible assets, representing €2.8 billion and €10.4 billion, respectively. In line with Group accounting policies, goodwill and certain other intangible assets with indefinite useful lives are tested for impairment periodically and whenever there is an indication that their carrying amount may not be fully recoverable. Goodwill and other identified intangible assets may become impaired as a result of worse-than-expected performance by the Group, unfavorable market conditions, unfavorable legal or regulatory changes or many other factors. The recognition of impairment losses on goodwill could have an adverse effect on consolidated net income. Property, plant and equipment (€12.6 billion) represent roughly one third of total assets and may become impaired in the event of a downturn in business.

INDUSTRIAL AND ENVIRONMENTAL RISKS

The Group may be exposed to capital costs and environmental liabilities as a result of its past, present or future operations.

The main industrial and environmental risks result from the storage of hazardous substances at certain sites. Five of the Group's plants are considered as representing "major technological risks" under European regulations, and are subject to specific legislation and close supervision by the relevant authorities.

In 2013, five Saint-Gobain plants in Europe were considered as classified installations under the EU Seveso II Directive. Two of these are classified as "lower-tier" under the directive: Conflans Sainte-Honorine (Abrasives) in France, which stores phenolic resin and Avilès (Flat Glass) in Spain, which stores propane (C3H8) and oxygen (O2).

The other three are classified as "upper tier": Bagneaux-sur-Loing (Flat Glass) in France, which stores arsenic (AS2O3), Neuburg (Packaging) in Germany, which stores liquefied petroleum gas, and Carrascal del Rio (Flat Glass) in Spain, which stores hydrofluoric acid (HF), amongst other substances.

In application of France's Act of July 30, 2003 on the prevention of technological and natural risks and the remediation of contaminated sites, specific risk prevention and safety policies have been implemented at all of the French sites listed above, with particular emphasis on "upper tier" Seveso sites. After having identified accident risks and their potential impact on the environment, preventive measures were implemented, covering the design and construction of storage areas, as well as the manner in which they are used and maintained. Internal contingency plans have been developed to respond to incidents. Liability for personal injury and damage to property arising from the operation of the plants is covered by the current insurance program, except for the Bagneaux-sur-Loing plant, which is insured under a specific policy taken out by the joint venture that operates the facility. In the event of a technological accident, compensation payments to victims would be organized jointly by the joint venture, the insurance broker and the insurer.

Saint-Gobain also has to deal with risks relating to chronic pollution. One hundred Group sites are classified as IED[1] installations and are subject to integrated pollution prevention and control regulations.

(1) The purpose of Directive 2010/75/EU (Industrial Emissions Directive) is to ensure a high level of protection for the environment by using an integrated approach to prevent and control pollution from a wide range of industrial and agricultural activities.

LEGAL RISKS

The Group is not subject to any specific regulations that could have an impact on its financial position, although its manufacturing subsidiaries are generally required to comply with specific national laws and regulations that vary from country to country. In France, for example, Group plants are subject to the laws and regulations applicable to classified sites. The Group is not dependent on any other companies for its technical or commercial operations, is not subject to particular confidentiality restrictions and has full access to the assets required to operate its business.

The regulations applicable to the Group may change in a manner that may be favorable or unfavorable. The introduction of stricter regulations or more diligent enforcement of existing regulations may, in some cases, open up new growth opportunities for the Group, but may also change the way the Group conducts its business, possibly leading to an increase in operating expenses or restrictions on the scope of the business or, more generally, acting as a brake on business growth.

Compagnie de Saint-Gobain has elected to be taxed under the group relief scheme provided for in articles 223A *et seq.* of France's General Tax Code.

The Group's main legal risks concern asbestos-related litigation in France and, above all, the United States, and competition issues.

There can be no guarantee that there will be no unforeseen or significant regulatory changes in the future with a material adverse effect on the Group's business, financial position or earnings.

There are no other governmental, legal or arbitration proceedings in progress, pending or threatened of which the Company is aware which may have, or have had in the past 12 months, significant effects on the Group's financial position or profitability.

Asbestos-related litigation in France

- Inexcusable fault lawsuits

  In France, further individual lawsuits were filed in 2013 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM ("the employers") – which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases, with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect. A total of 767 such lawsuits have been issued against the two companies since 1997.

At December 31, 2013, 704 of these 767 lawsuits had been completed in terms of both liability and quantum. In all of these cases, the employers were held liable on the grounds of "inexcusable fault".

Everite and Saint-Gobain PAM were held liable to pay a total amount of some €1.4 million in compensation in settlement of these lawsuits.

Concerning the 63 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2013, the merits of eight have been decided but the compensation awards have not yet been made, pending issue of medical reports or Appeal Court rulings. A further 31 of these 63 lawsuits have been completed in terms of both liability and quantum, but liability for the payment of compensation has not yet been assigned.

Out of the 24 remaining lawsuits, at December 31, 2013 the procedures relating to the merits of 20 cases were at different stages, with two in the process of being investigated by the French Social Security authorities and 18 pending before the Social Security courts. The final four suits have been struck out by the court, with the plaintiffs entitled to ask for them to be re-activated at any time within a two-year period.

In addition, as of December 31, 2013, 198 suits based on inexcusable fault had been filed since the outset by current or former employees of fourteen other French companies in the Group (excluding Saint-Gobain Desjonquères and Saint-Gobain Vetrotex, which have been sold), in particular involving circumstances where equipment containing asbestos had been used to protect against heat from furnaces.

At that date, 135 lawsuits had been completed. In 62 of these cases, the employer was held liable for inexcusable fault.

The companies were held liable to pay a total amount of some €0.9 million in compensation in settlement of these lawsuits.

For the 63 suits outstanding at December 31, 2013, arguments were being prepared by the French Social Security authorities in four cases and 49 were being investigated – including 34 pending before the Social Security courts and 15 before the Courts of Appeal – and seven had been completed in terms of liability but not in terms of quantum and/or liability for the compensation payments, of which six pending before the Courts of Appeal and one before the Court of Cassation. The final three suits have been struck out by the court, with the plaintiffs entitled to ask for them to be re-activated at any time within a two-year period.

- Anxiety claims

  Nine French companies in the Group, including five that currently operate or previously operated "asbestos facilities" in France, are facing legal action different from that described above.

  In France, "asbestos facilities" are plants – currently in operation or closed – that once either manufactured materials containing asbestos or used asbestos-containing equipment for protection and insulation, and which, by ministerial order, are included in a list of sites whose former or current employees are eligible for the asbestos workers' early retirement benefit (ACAATA).

  As of December 31, 2013, 765 lawsuits had been filed by employees or former employees of such facilities – not affected by asbestos-related occupational illness and benefiting or not from ACAATA – with the aim of obtaining compensation for damages arising from their alleged exposure to asbestos. Out of the 765 suits, 51 have been completed, with three cases dismissed outright. 48 other cases where exposure to risk was recognized, were settled through the payment of a total of €0.6 million. Out of the remaining 714 suits, 78 are pending before the Appeal Court – including one where the claimant has appealed and 77 where the appellants are the companies concerned –, 635 are at different stages in the procedure before the Labor Tribunal, and one has been struck out by the Labor Tribunal's conciliation board, with the claimant entitled to ask for it to be re-activated at any time within a two-year period.

Asbestos-related litigation in the United States

In the United States, several companies that once manufactured products containing asbestos such as asbestos-cement pipes, roofing products, specialized insulation products, are facing legal action from persons other than their employees or former employees. These claims for compensatory – and in many cases punitive – damages are based on alleged exposure to the products, although in many instances the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The vast majority of these claims are made simultaneously against many other non-Group entities that have been manufacturers, distributors, installers or users of products containing asbestos.

- Developments in 2013

  About 4,500 new claims were filed against CertainTeed in 2013, compared to about 4,000 in 2012, 4,000 in 2011, 5,000 in 2010 and 4,000 in 2009. Over the last five years the number of new claims has remained relatively stable.

  Almost all of the claims against CertainTeed are settled out of court or dismissed. Approximately 4,500 of the pending claims were resolved in 2013, compared to 9,000 in 2012, 8,000 in 2011, 13,000 in 2010 and 8,000 in 2009. Taking into account the 43,000 outstanding claims at the end of 2012, new claims that arose during the year and settled claims, some 43,000 claims were outstanding at December 31, 2013. A large number of these pending claims were filed more than five years ago by individuals without any significant asbestos-related impairment and it is likely that many of them ultimately will be dismissed.

- Impact on the accounts

  The Group recorded a €90 million charge in 2013 to cover future developments in relation to claims involving CertainTeed. This amount is identical to that recorded in 2012 and 2011, less than the €97 million recorded in 2010 and higher than the €75 million recorded in 2009. At December 31, 2013, the Group reserve for asbestos-related claims against CertainTeed in the United States amounted to €407 million (USD 561 million), compared with €417 million (USD 550 million) at December 31, 2012, €389 million (USD 504 million) at December 31, 2011, €375 million (USD 501 million) at December 31, 2010 and €347 million (USD 500 million) at December 31, 2009.

- Cash flow impact

  Compensation paid in respect of these claims against CertainTeed, including claims settled in prior years but only paid out in 2013 and those fully resolved and paid in 2013, and compensation paid (net of insurance) in 2013 by other Group businesses in connection with asbestos-related litigation, amounted to €66 million (USD 88 million) compared to €52 million (USD 67 million) in 2012, €59 million (USD 82 million) in 2011, €78 million (USD 103 million) in 2010 and €55 million (USD 77 million) in 2009.

Situation in Brazil

In Brazil, former Group employees suffering from asbestos-related occupational illness are offered either exclusively financial compensation or lifetime medical assistance combined with financial compensation. Only a small number of asbestos-related lawsuits brought by former employees (or persons claiming through them) were outstanding at December 31, 2013, and they do not currently represent a material risk for the companies concerned.

Ruling by the European Commission following the investigation into the automotive glass industries

In the November 12, 2008 decision concerning its investigation into automotive glass manufacturers, the European Commission held that Saint-Gobain Glass France, Saint-Gobain Sekurit France and Saint-Gobain Sekurit Deutschland Gmbh had violated Article 81 of the Treaty of Rome based on acts committed between 1998 and 2003, and fined them €896 million. Compagnie de Saint-Gobain was held jointly and severally liable for the payment of this amount.

The companies concerned believe the fine is excessive and disproportionate, and have appealed the decision before the General Court of the European Union.

The European Commission has granted them a stay of payment until the appeal has been heard, in exchange for a bond covering the €896 million fine and the related interest, calculated at the rate of 5.25% from March 9, 2009. The necessary steps were taken to set up this bond within the required timeframe.

The hearing before the General Court of the European Union in Luxembourg took place on December 11, 2012. The Court was expected to hand down its ruling within six to twelve months, but had still not done so as of February 1, 2014. The ruling is now expected during 2014. In a decision dated February 28, 2013, the European Commission reduced by €16 million the fine announced in November 2008, to correct a mistake that it had made in calculating the sales on which the fine was based.

The reduced fine imposed by the Commission amounts to €880 million.

The provision set aside to cover the fine, the late interest, the cost of the above bond and the related legal costs amounted to €1,119 million at December 31, 2013.

Divestment of Saint-Gobain Containers, Inc.

On January 13, 2013, Compagnie de Saint-Gobain signed an agreement for the sale of Saint-Gobain Containers, Inc. (SGCI) to Ardagh.

On July 1, 2013, the US Federal Trade Commission (FTC) announced that it would be filing a petition seeking a preliminary injunction to prohibit the closing of the transaction pending a decision on the merits of its administrative complaint alleging that the proposed acquisition would reduce competition and result in the firm created out of the merger of Ardagh and SGCI and its only remaining significant competitor controlling in excess of 75% of the United States markets for glass containers for beer and spirits customers, leading to higher prices for those customers. Saint-Gobain and Ardagh responded by stating their desagreement and their intention to vigorously defend the transaction in litigation.

Settlement negotiations were subsequently initiated with the FTC, during which Ardagh offered to sell six plants. To allow time for the negotiations to be competed, the final closing date under the Share Purchase Agreement between Ardagh and Compagnie de Saint-Gobain was extended until April 30, 2014.

On April 18, 2013, the Pension Benefit Guaranty Corporation (PBGC), a United States government agency set up to protect the retirement incomes of American workers covered by corporate defined benefit plans, announced that it had applied to the courts to force SGCI to terminate its pension plan which, according to the PBGC, had a USD 524 million funding shortfall. The PBGC argued that the plan's transfer from SGCI to Ardagh would not only be in the interests of plan participants, it would also potentially lead to an increase in the shortfall that the PBGC had to cover.

Saint-Gobain and Ardagh contested the PBGC's estimate of the plan's funding shortfall and its assessment of the consequences of transferring the plan to Ardagh.

Discussions were initiated with the PBGC with a view to resolving this matter. As of February 1, 2014, these discussions were still in progress.

The sale of SGCI is not contingent an agreement being reached with the PBGC, and if no agreement can be reached before the deal is closed, the litigation will simply continue.

INSURANCE - COVERAGE OF POTENTIAL RISKS

The Group transfers its risks to the insurance market when this is the most efficient solution. Default by one or more of the Group's insurers could therefore lead to financial losses.

The Group implements preventive programs and purchases insurance cover to protect its assets and revenue. The policy is determined, coordinated and overseen by the Risks and Insurance Department based on conditions in the insurance market. It defines insurance criteria for the most significant risks, such as property & casualty, business interruption, and business and product liability.

For other types of cover, such as automobile fleet insurance, the Risks and Insurance Department advises the individual operating units on policy content, broker selection and which market to consult. These represent high frequency risks, for which claims are monitored internally and appropriate action taken. The 2012 policies were renewed in 2013 and the captive insurance company set up to cover property risks delivered real benefits.

Companies acquired during the year have been integrated into existing insurance programs.

Property & casualty and business interruption insurance

The Group's non-excluded property & casualty risks and business interruption risks arising from accidental damage to insured assets are covered by two worldwide insurance programs, one for the Group excluding the Packaging Sector and one for the Packaging Sector alone. They do not cover operations in Brazil, which are insured by two local programs, one for the Group's Brazilian entities excluding the Packaging Sector and one for its Brazilian Packaging Sector entities alone. These insurance programs come under the Risk and Insurance Department's supervision.

The programs meet the insurance criteria laid down by the Department:

- all policies are "all risks" policies with named exclusions;
- claims ceilings are based on worst-case scenarios where safety systems operate effectively;
- deductibles are proportionate to the size of the site concerned and cannot be qualified as self-insurance.

These criteria take into account current insurance offerings, which exclude certain risks, such as computer viruses and their impact on operations, and cover natural disasters like floods, storms or earthquakes only up to a certain amount.

In extreme scenarios, such events could have a substantial uninsured financial impact in terms of both reconstruction costs and lost production costs.

The Risks and Insurance Department's policy is based on the findings of the annual audits carried out by independent prevention experts recognized by the Group's insurers. These audits give a clear picture of the main sites' risk exposure in the event of a fire or other incident and provide an estimate of the financial consequences in a worst-case scenario.

Individual claims in excess of €12.5 million are transferred to the insurance market for all Group subsidiaries, excluding the Packaging Sector and Brazil.

Claims representing less than this amount are self-insured through the Group's captive insurance company, which purchases reinsurance cover against increases in frequency or severity rates.

Liability insurance

Two programs provide coverage for third-party personal injury and property damage claims: one for Group subsidiaries, excluding the Packaging Sector, and one for the Packaging Sector. The programs are similarly structured, with each comprising several programs for the lower tranches of claims.

The first covers all subsidiaries except those located in the geographic area covered by the United States & Canada Delegation and has a coverage limit of €50 million. The program's exclusions are consistent with market practice and concern in particular potentially carcinogenic substances and gradual pollution.

In order to satisfy local regulatory requirements, a policy is taken out in each country in which the Group has a significant presence. Local policies are backed up by first line insurance issued in Paris, which can be activated when local cover proves inadequate.

The second program covers subsidiaries located in the geographic area covered by the United States & Canada Delegation and has a coverage limit of USD 50 million. This program is structured differently to deal with the specific nature of liability risks in the United States. It is divided into several lines of coverage, requiring it to be placed on the London insurance market. Exclusions are in line with current market practice in the United States and primarily concern contractual liability, pollution and third party consequential loss.

In addition to the two above-described programs, a number of supplementary programs have been set up in order to bring the total coverage limit to a level considered compatible with the Group's businesses.

Within the operating units, action is taken to raise awareness of liability risks. In the case of a claim, the deductible is paid directly by the unit concerned, representing an added incentive to contain these risks. Deductibles do not, however, constitute self-insurance. Saint-Gobain also runs a risk prevention program at its operating units with the support of the Environment, Health and Safety Department.

Exceptions

Joint ventures and companies not controlled by the Group are excluded from the above programs and purchase separate insurance coverage.

CONSOLIDATED FINANCIAL STATEMENTS 2013

CONSOLIDATED BALANCE SHEET
AT DECEMBER, 31

ASSETS *(in EUR millions)*	Notes	Dec. 31, 2013	Dec. 31, 2012 restated*
Goodwill	(5)	10,413	10,936
Other intangible assets	(6)	3,131	3,196
Property, plant and equipment	(7)	12,635	13,696
Investments in associates	(8)	216	206
Deferred tax assets	(17)	1,125	1,247
Other non-current assets	(9)	407	359
Non-current assets		**27,927**	**29,640**
Inventories	(10)	5,997	6,133
Trade accounts receivable	(11)	4,882	5,017
Current tax receivable	(17)	238	204
Other receivables	(11)	1,317	1,425
Assets held for sale	(3)	974	936
Cash and cash equivalents	(21)	4,391	4,179
Current assets		**17,799**	**17,894**
TOTAL ASSETS		**45,726**	**47,534**

** The restatements are explained in Note 4.*

The accompanying notes are an integral part of the consolidated financial statements.

EQUITY AND LIABILITIES *(in EUR millions)*	Notes	Dec. 31, 2013	Dec. 31, 2012 restated*
Capital stock	(12)	2,221	2,125
Additional paid-in capital and legal reserve		6,265	5,699
Retained earnings and net income for the year		10,661	10,313
Cumulative translation adjustments		(1,481)	(523)
Fair value reserves		7	(15)
Treasury stock	(12)	(147)	(181)
Shareholders' equity		**17,526**	**17,418**
Minority interests		344	412
Total equity		**17,870**	**17,830**
Long-term debt	(21)	9,395	9,588
Provisions for pensions and other employee benefits	(16)	2,785	3,470
Deferred tax liabilities	(17)	712	792
Other non-current liabilities and provisions	(18)	2,189	2,197
Non-current liabilities		**15,081**	**16,047**
Current portion of long-term debt	(21)	1,721	1,732
Current portion of other liabilities	(18)	479	458
Trade accounts payable	(19)	5,928	6,143
Current tax liabilities	(17)	67	70
Other payables and accrued expenses	(19)	3,311	3,408
Liabilities held for sale	(3)	473	497
Short-term debt and bank overdrafts	(21)	796	1,349
Current liabilities		**12,775**	**13,657**
TOTAL EQUITY AND LIABILITIES		**45,726**	**47,534**

** The restatements are explained in Note 4.*

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(in EUR millions)	Notes	2013	2012 restated*
Net sales	(34)	42,025	43,198
Cost of sales	(24)	(31,996)	(33,046)
Selling, general and administrative expenses including research	(24)	(7,265)	(7,289)
Operating income		**2,764**	**2,863**
Other business income	(24)	186	116
Other business expense	(24)	(1,059)	(1,013)
Business income		**1,891**	**1,966**
Borrowing costs, gross		(592)	(627)
Income from cash and cash equivalents		33	40
Borrowing costs, net		**(559)**	**(587)**
Other financial income and expense	(25)	(236)	(225)
Net financial expense		**(795)**	**(812)**
Share in net income of associates	(8)	11	12
Income taxes	(17)	(476)	(443)
Net income		**631**	**723**
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**595**	**693**
Minority interests		36	30

Earnings per share *(in EUR)*			
Weighted average number of shares in issue		538,912,431	526,399,944
Basic earnings per share	(27)	1.10	1.32
Weighted average number of shares assuming full dilution		541,981,225	528,692,847
Diluted earnings per share	(27)	1.10	1.31

** The restatements are explained in Note 4.*

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(in EUR millions)	2013	2012 restated*
Net income	**631**	**723**
Items that may be subsequently reclassified to profit or loss		
Translation adjustments	(1,018)	(65)
Changes in fair value	22	7
Tax on items that may be subsequently reclassified to profit or loss	(28)	(24)
Items that will not be reclassified to profit or loss		
Changes in actuarial gains and losses	696	(834)
Tax on items that will not be reclassified to profit or loss	(260)	267
Income and expense recognized directly in equity	**(588)**	**(649)**
TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE YEAR	**43**	**74**
Attributable to equity holders of the parent	67	63
Minority interests	(24)	11

** The restatements are explained in Note 4.*

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR millions)	Notes	2013	2012 restated*
Net income attributable to equity holders of the parent		**595**	**693**
Minority interests in net income	(a)	36	30
Share in net income of associates, net of dividends received	(8)	(3)	(6)
Depreciation, amortization and impairment of assets	(24)	1,897	1,988
Gains and losses on disposals of assets	(24)	(99)	(60)
Unrealized gains and losses arising from changes in fair value and share-based payments		34	(23)
Changes in inventories	(10)	(135)	252
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(11)(19)	22	429
Changes in tax receivable and payable	(17)	(8)	(118)
Changes in deferred taxes and provisions for other liabilities and charges	(16)(17)(18)	(153)	(623)
Net cash from operating activities		**2,186**	**2,562**
Purchases of property, plant and equipment [2013: (1,354), 2012: (1,773)] and intangible assets	(6)(7)	(1,456)	(1,883)
Increase (decrease) in amounts due to suppliers of fixed assets	(19)	(12)	(67)
Acquisitions of shares in consolidated companies [2013: (63), 2012: (338)], net of cash acquired	(2)	(60)	(323)
Acquisitions of other investments	(9)	(37)	(15)
Increase in investment-related liabilities	(18)	6	46
Decrease in investment-related liabilities	(18)	(3)	(8)
Investments		(1,562)	(2,250)
Disposals of property, plant and equipment and intangible assets	(6)(7)	191	83
Disposals of shares in consolidated companies, net of cash divested	(2)	152	81
Disposals of other investments	(9)	0	1
Divestments		343	165
Increase in loans and deposits	(9)	(54)	(85)
Decrease in loans and deposits	(9)	42	58
Changes in loans and deposits		(12)	(27)
Net cash from (used in) investing activities		**(1,231)**	**(2,112)**
Issues of capital stock	(a)	662	127
(Increase) decrease in treasury stock	(a)	31	(162)
Dividends paid	(a)	(654)	(646)
Transactions with shareholders of parent company		39	(681)
Minority interests' share in capital increases of subsidiaries		4	13
Acquisitions of minority interests without gain of control		0	(1)
Disposals of minority interests without loss of control		13	5
Changes in investment related liabilities following the exercise of put options of minority		0	(69)
Dividends paid to minority shareholders of consolidated subsidiaries and increase (decrease) in dividends payable		(61)	(55)
Transactions with minority interests		(44)	(107)
Increase (decrease) in bank overdrafts and other short-term debt		(576)	296
Increase in long-term debt	(b)	1,479	2,808
Decrease in long-term debt	(b)	(1,562)	(1,515)
Changes in gross debt		(659)	1,589
Net cash from (used in) financing activities		**(664)**	**801**
Increase (decrease) in cash and cash equivalents		**291**	**1,251**
Net effect of exchange rate changes on cash and cash equivalents		(80)	(16)
Net effect from changes in fair value on cash and cash equivalents		0	(4)
Cash and cash equivalents classified as assets held for sale	(3)	1	(1)
Cash and cash equivalents at beginning of year		**4,179**	**2,949**
Cash and cash equivalents at end of year		**4,391**	**4,179**

**The restatements are explained in Note 4.*

(a) Refer to the consolidated statement of changes in equity.

(b) Including bond premiums, prepaid interest and issue costs.

Income tax paid amounted to €630 million in 2013 (2012: €730 million). Interest paid net of interest received amounted to €558 million (2012: €571 million).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Number of shares)		*(in EUR millions)*								
	Issued	Outstanding (excluding treasury stock)	Capital stock	Additional paid-in capital and legal reserve	Retained earnings and net income for the year	Cumulative translation adjustments	Fair value reserves	Treasury stock	Shareholders' equity	Minority interests	Total equity
At January 1, 2012 published	**535,563,723**	**526,205,696**	**2,142**	**5,920**	**10,654**	**(476)**	**(22)**	**(403)**	**17,815**	**403**	**18,218**
Restatements*					(10)				**(10)**		**(10)**
At January 1, 2012 restated*	**535,563,723**	**526,205,696**	**2,142**	**5,920**	**10,644**	**(476)**	**(22)**	**(403)**	**17,805**	**403**	**18,208**
Income and expenses recognized directly in equity			0	0	(590)	(47)	7	0	**(630)**	(19)	**(649)**
Net income for the year					693				**693**	30	**723**
Total recognized income and expense for the year			**0**	**0**	**103**	**(47)**	**7**	**0**	**63**	**11**	**74**
Issues of capital stock											
Group Savings Plan	4,387,680	4,387,680	18	107					**125**		**125**
Stock option plans	714,239	714,239	3	(1)					**2**		**2**
Other									**0**	13	**13**
Dividends paid (EUR 1.24 per share)					(646)				**(646)**	(54)	**(700)**
Treasury stock purchased		(8,727,221)						(280)	**(280)**		**(280)**
Treasury stock sold		3,854,183			(19)			137	**118**		**118**
Treasury stock canceled	(9,540,000)		(38)	(327)				365	**0**		**0**
Forward purchases of treasury stock					197				**197**		**197**
Share-based payments					14				**14**		**14**
Changes in Group structure					20				**20**	39	**59**
At December 31, 2012 restated*	**531,125,642**	**526,434,577**	**2,125**	**5,699**	**10,313**	**(523)**	**(15)**	**(181)**	**17,418**	**412**	**17,830**
Income and expenses recognized directly in equity			0	0	408	(958)	22	0	**(528)**	(60)	**(588)**
Net income for the year					595				**595**	36	**631**
Total recognized income and expense for the year			**0**	**0**	**1,003**	**(958)**	**22**	**0**	**67**	**(24)**	**43**
Issues of capital stock											
Group Savings Plan	4,499,142	4,499,142	18	93					**111**		**111**
Stock option plans	2,685,835	2,685,835	11	67					**78**		**78**
Dividends	16,866,171	16,866,171	67	406					**473**		**473**
Other									**0**	4	**4**
Dividends paid (EUR 1.24 per share)					(654)				**(654)**	(60)	**(714)**
Treasury stock purchased		(1,799,334)						(63)	**(63)**		**(63)**
Treasury stock sold		2,731,226			(3)			97	**94**		**94**
Share-based payments					14				**14**		**14**
Changes in Group structure					(12)				**(12)**	12	**0**
AT DECEMBER 31, 2013	**555,176,790**	**551,417,617**	**2,221**	**6,265**	**10,661**	**(1,481)**	**7**	**(147)**	**17,526**	**344**	**17,870**

** The restatements are explained in Note 4.*

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 Accounting principles and policies

BASIS OF PREPARATION

The consolidated financial statements of Compagnie de Saint-Gobain and its subsidiaries ("the Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted for use in the European Union at December 31, 2013. With the exception of IFRS 10, 11 and 12, these consolidated financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB).

The accounting policies applied are consistent with those used to prepare the financial statements for the year ended December 31, 2012, except for the application of the new standards and interpretations described below. The consolidated financial statements have been prepared using the historical cost convention, except for certain assets and liabilities that have been measured using the fair value model as explained in these notes.

The standards, interpretations and amendments to published standards applicable for the first time in 2013 (see the table below) do not have a material impact on the Group's consolidated financial statements, with the exception of the amendment to IAS 19 concerning employee benefits. The impact of this amendment is discussed in Note 4. The comparative information for 2012 included in these notes has been restated on the same basis.

The Group has not early adopted any new standards, interpretations or amendments to published standards that are applicable for accounting periods beginning on or after January 1, 2014 (see the table below). Application of IFRS 10 – Consolidated Financial Statements and IFRS 11 – Joint Arrangements would have the effect of reducing consolidated revenue by 0.6%.

These consolidated financial statements were adopted by the Board of Directors on February 20, 2014 and will be submitted to the Shareholders' Meeting for approval. They are presented in millions of euros.

Estimates and assumptions

The preparation of consolidated financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the period. These estimates and assumptions are based on past experience and on various other factors in the prevailing deteriorated economic and financial environment, which makes it difficult to predict future business performance. Actual amounts may differ from those obtained through the use of these estimates and assumptions.

The main estimates and assumptions described in these notes concern asset impairment tests (Note 1), share-based payments (Notes 13, 14 and 15), the measurement of employee benefit obligations (Note 16), deferred taxes (Note 17), provisions for other liabilities and charges (Note 18) and financial instruments (Note 22).

Summary of new standards, interpretations and amendments to published standards

Standards, interpretations and amendments to existing standards applicable in 2013:

Amendment to IAS 1	Presentation of items of other comprehensive income
Amendments to IAS 12	Deferred taxes: recovery of underlying assets and incorporation into the standard of SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets
Amendments to IAS 19	Employee benefits
Amendments to IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters
Amendments to IFRS 7	Disclosures – offsetting financial assets and financial liabilities
IFRS 13	Fair value measurement
IFRIC 20	Stripping costs in the production phase of a surface mine

Standards, interpretations and amendments to existing standards early adopted in 2013:

IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
Amendment to IAS 27	Separate financial statements
Amendment to IAS 28	Investments in associates and joint ventures
Amendment to IAS 32	Offsetting financial assets and financial liabilities
Amendment to IAS 36	Recoverable amount disclosures for non-financial assets
Amendment to IAS 39	Novation of derivatives and continuation of hedge accounting

Standards adopted by the European Union may be consulted on the European Commission website, at
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

Scope and methods of consolidation

Scope

The Group's consolidated financial statements include the accounts of Compagnie de Saint-Gobain and of all companies controlled by the Group, as well as those of jointly controlled companies and companies over which the Group exercises significant influence.

Significant changes in the Group's scope of consolidation during 2013 are presented in Note 2 and a list of the principal consolidated companies at December 31, 2013 is provided in Note 35.

Consolidation methods

Companies over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

Interests in jointly controlled entities are proportionately consolidated. The Group has elected not to apply the alternative treatment permitted by IAS 31, under which jointly controlled companies may be accounted for by the equity method, and has maintained the proportionate consolidation method.

Companies over which the Group directly or indirectly exercises significant influence are accounted for by the equity method.

The Group's share of the profit of companies accounted for by the equity method is recognized in the income statement under "Share in net income of associates".

Business combinations

The Group has applied IFRS 3R and IAS 27A on a prospective basis starting from January 1, 2010. As a result, business combinations completed prior to that date are recognized in accordance with the previous versions of IFRS 3 and IAS 27.

Goodwill

When an entity is acquired by the Group, the identifiable assets and assumed liabilities of the entity are recognized at their fair value. Any adjustments to provisional values as a result of completing the initial accounting are recognized within 12 months and retrospectively at the acquisition date.

The final acquisition price (referred to as "consideration transferred" in IFRS 3R), including the estimated fair value of any earn-out payments or other deferred consideration (referred to as "contingent consideration"), is determined in the 12 months following the acquisition. Under IFRS 3R, any adjustments to the acquisition price beyond this 12-month period are recorded in the income statement. Since January 1, 2010, all costs directly attributable to the business combination, i.e. costs that the acquirer incurs to effect a business combination such as professional fees paid to investment banks, attorneys, auditors, independent valuers and other consultants, are no longer capitalized as part of the cost of the business combination, but are recognized as expenses as incurred.

In addition, since January 1, 2010, goodwill is recognized only at the date that control is achieved (or joint control is achieved in the case of proportionately consolidated companies or significant influence is obtained in the case of entities accounted for by the equity method). Any subsequent increase in ownership interest is recorded as a change in equity attributable to the equity holders of the parent without adjusting goodwill.

Goodwill is recorded in the consolidated balance sheet as the difference between the acquisition-date fair value of (i) the consideration transferred plus the amount of any minority interests and (ii) the identifiable net assets of the acquiree. Minority interests are measured either as their proportionate interest in the net identifiable assets (partial goodwill method) or at their fair value at the acquisition date (full goodwill method). As the Group generally applies the partial goodwill method, goodwill calculated by the full goodwill method is not material.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the assets and liabilities of the acquired entity. If the cost of the acquisition is less than the fair value of the net assets and liabilities acquired, the difference is recognized directly in the income statement.

Step acquisitions and partial disposals

When the Group acquires control of an entity in which it already held an equity interest, the transaction is treated as a step acquisition (an acquisition in stages), as follows: (i) as a disposal of the previously-held interest, with recognition of any gain or loss in the consolidated financial statements, and (ii) as an acquisition of the entire interest, with recognition of the corresponding goodwill (on both the old and new acquisitions).

When the Group disposes of part of an equity interest, leading to the loss of control (with a minority interest retained), the transaction is also treated as both a disposal and an acquisition, as follows: (i) as a disposal of the entire interest, with recognition of any gain or loss in the consolidated financial statements, and (ii) as an acquisition of the retained non-controlling (minority) interest, measured at fair value.

Potential voting rights and share purchase commitments

Potential voting rights conferred by call options on minority interests (non-controlling interests) are taken into account in determining whether the Group exclusively controls an entity only when the options are currently exercisable.

When calculating its percentage interest in controlled companies, the Group considers the impact of cross put and call options on minority interests in the companies concerned. This approach gives rise to the recognition in the financial statements of an investment-related liability (included within "Other liabilities") corresponding to the present value of the estimated exercise price of the put option, with a corresponding reduction in minority interests and equity attributable to equity holders of the parent. Any subsequent changes in the fair value of the liability are recognized by adjusting equity.

Minority interests

Up to December 31, 2009, transactions with minority interests were treated in the same way as transactions with parties external to the Group. As from January 1, 2010, changes in minority interests (referred to as "non-controlling interests" in IFRS 3R) are accounted for as equity transactions between two categories of owners of a single economic entity in accordance with IAS 27A. As a result, they are recorded in the statement of changes in equity and have no impact on the income statement or balance sheet, except for changes in cash and cash equivalents.

Non-current assets and liabilities held for sale – Discontinued operations

Assets and liabilities that are immediately available for sale and for which a sale is highly probable are classified as non-current assets and liabilities held for sale. When several assets are held for sale in a single transaction, they are accounted for as a disposal group, which also includes any liabilities directly associated with those assets.

The assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation ceases when non-current assets or disposal groups are classified as held for sale. When the assets held for sale are consolidated companies, deferred tax is recognized on the difference between the consolidated carrying amount of the shares and their tax basis, in accordance with IAS 12.

Non-current assets and liabilities held for sale are presented separately on the face of the consolidated balance sheet, and income and expenses continue to be recognized in the consolidated income statement on a line-by-line basis. Income and expenses arising on discontinued operations are recorded as a single amount on the face of the consolidated income statement.

At each balance sheet date, the value of the assets and liabilities is reviewed to determine whether any provision adjustments should be recorded due to a change in their fair value less costs to sell.

Intragroup transactions

All intragroup balances and transactions are eliminated in consolidation.

Translation of the financial statements of foreign companies

The consolidated financial statements are presented in euros, which is Compagnie de Saint-Gobain's functional and presentation currency.

Assets and liabilities of subsidiaries outside the euro zone are translated into euros at the closing exchange rate and income and expense items are translated using the average exchange rate for the period, except in the case of significant exchange rate volatility.

The Group's share of any translation gains or losses is included in equity under "Cumulative translation adjustments" until the foreign operations to which they relate are sold or liquidated, at which time they are taken to the income statement, if the transaction results in a loss of control, or recognized directly in the statement of changes in equity, if the change in ownership interest does not result in a loss of control.

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the closing rate and any exchange differences are recorded in the income statement. As an exception to this principle, exchange differences relating to loans and borrowings between Group companies are recorded, net of tax, in equity under "Cumulative translation adjustments", as in substance they are an integral part of the net investment in a foreign subsidiary.

Balance sheet items

Goodwill

See the section above on "Business combinations".

Other intangible assets

Other intangible assets primarily include patents, brands, software and development costs. They are measured at historical cost less accumulated amortization and impairment.

Acquired retail brands and certain manufacturing brands are treated as intangible assets with indefinite useful lives as they have a strong national and/or international reputation. These brands are not amortized but are tested for impairment on an annual basis. Other brands are amortized over their useful lives, not to exceed 40 years.

Costs incurred to develop software in-house – primarily configuration, programming and testing costs – are recognized as intangible assets. Patents and purchased computer software are amortized over their estimated useful lives, not exceeding 20 years for patents and three to five years for software.

Research costs are expensed as incurred. Development costs meeting the recognition criteria under IAS 38 are included in intangible assets and amortized over their estimated useful lives (not to exceed five years) from the date when the products to which they relate are first marketed.

Concerning greenhouse gas emissions allowances, a provision is recorded in the consolidated financial statements to cover any difference between the Group's emissions and the allowances granted.

Property, plant and equipment

Land, buildings and equipment are carried at historical cost less accumulated depreciation and impairment.

Cost may also include incidental expenses directly attributable to the acquisition, such as transfers from equity of any gains/losses on qualifying cash flow hedges of property, plant and equipment purchases.

Expenses incurred in exploring and evaluating mineral resources are included in property, plant and equipment when it is probable that associated future economic benefits will flow to the Group. They include mainly the costs of topographical or geological studies, drilling costs, sampling costs and all costs incurred in assessing the technical feasibility and commercial viability of extracting the mineral resource.

Material borrowing costs incurred for the construction and acquisition of property, plant and equipment are included in the cost of the related asset.

Property, plant and equipment are considered as having no residual value, as they consist for the most part of industrial assets that are intended to be used until the end of their useful lives.

Property, plant and equipment other than land are depreciated using the components approach on a straight-line basis over the following estimated useful lives, which are regularly reviewed:

Major factories and offices	30-40 years
Other buildings	15-25 years
Production machinery and equipment	5-16 years
Vehicles	3-5 years
Furniture, fixtures, office and computer equipment	4-16 years

Gypsum quarries are depreciated over their estimated useful lives, based on the quantity of gypsum extracted during the year compared with the extraction capacity.

Provisions for site restoration are recognized as components of assets whenever the Group has a legal or constructive obligation to restore a site in accordance with contractually determined conditions or in the event of a sudden or gradual deterioration in site conditions. These provisions are reviewed periodically and may be discounted over the expected useful lives of the assets concerned. The component is depreciated over the same useful life as that used for mines and quarries.

Government grants for purchases of property, plant and equipment are recorded under "Other payables" and taken to the income statement over the estimated useful lives of the relevant assets.

Finance leases and operating leases

Assets held under leases that transfer to the Group substantially all of the risks and rewards of ownership (finance leases) are recognized as property, plant and equipment. They are recognized at the commencement of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset – determined using the same criteria as for assets owned by the Group – or the lease term. The corresponding liability is shown in the balance sheet net of related interest.

Rental payments under operating leases are expensed as incurred.

Non-current financial assets

Non-current financial assets include available-for-sale and other securities, as well as other non-current assets, which primarily comprise long-term loans and deposits.

Investments classified as "available-for-sale" are carried at fair value. Unrealized gains and losses on these investments are recognized in equity, unless the investments have suffered an other-than-temporary or material decline in value, in which case an impairment loss is recorded in the income statement.

Impairment of property, plant and equipment, intangible assets and goodwill

Property, plant and equipment, goodwill and other intangible assets are tested for impairment on a regular basis. These tests consist of comparing the asset's carrying amount to its recoverable amount. Recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, calculated by reference to the present value of the future cash flows expected to be derived from the asset.

For property, plant and equipment and amortizable intangible assets, an impairment test is performed whenever revenues from the asset decline or the asset generates operating losses due to either internal or external factors, and no material improvement is forecast in the annual budget or the business plan.

For goodwill and other intangible assets (including brands with indefinite useful lives), an impairment test is performed at least annually based on the business plan. Goodwill is reviewed systematically and exhaustively at the level of each cash-generating unit (CGU). The Group's reporting segments are its business sectors, which may each include several CGUs. A CGU is a reporting sub-segment, generally defined as a core business of the segment in a given geographical area. It typically reflects the manner in which the Group organizes its business and analyzes its results for internal reporting purposes. A total of 36 CGUs had been identified at December 31, 2013.

Goodwill is allocated mainly to the Gypsum CGU (€3,162 million at December 31, 2013), the Industrial Mortars CGU (€1,962 million at December 31, 2013) and the Building Distribution CGUs (€3,135 million at December 31, 2013), primarily in the United Kingdom, France and Scandinavia. Details of goodwill and unamortizable brands by Sector are provided in the segment information tables in Note 34.

The method used for these impairment tests is consistent with that employed by the Group for the valuation of companies acquired in business combinations or acquisitions of equity interests. The carrying amount of the CGUs is compared to their value in use, corresponding to the present value of future cash flows excluding interest but including tax. Cash flows for the last year of the business plan are rolled forward over the following two years. For impairment tests of goodwill, normative cash flows (corresponding to cash flows at the mid-point in the business cycle) are then projected to perpetuity using a low annual growth rate (generally 1.5%, except for emerging markets or businesses with a high organic growth potential where a 2% rate may be used). The discount rate applied to these cash flows corresponds to the Group's average cost of capital (7.25% in both 2013 and 2012) plus a country risk premium where appropriate depending on the geographic area concerned. The discount rates applied in 2013 for the main operating regions were 7.25% for the euro zone and North America, 8.25% for Eastern Europe and China and 8.75% for South America.

The recoverable amount calculated using a post-tax discount rate gives the same result as a pre-tax rate applied to pre-tax cash flows.

Different assumptions measuring the method's sensitivity are systematically tested using the following parameters:

- 0.5-point increase or decrease in the annual average rate of growth in cash flows projected to perpetuity;
- 0.5-point increase or decrease in the discount rate applied to cash flows.

When the annual impairment test reveals that the recoverable amount of an asset is less than its carrying amount, an impairment loss is recorded.

Tests performed in 2013 led to the recognition of a €206 million impairment loss on Distribution Sector goodwill (mainly concerning the Lapeyre sub-group), along with impairment losses on various items of property, plant and equipment held by the other Sectors, particularly the Flat Glass Activity. The breakdown of asset impairments by Sector and by Activity for 2013 and 2012 is provided in the segment information tables in Note 34.

Based on projections made at December 31, 2013, a 0.5-point decrease in projected average annual growth in cash flows to perpetuity for all the CGUs would lead to approximately €20 million in additional write-downs of intangible assets, while a 0.5-point increase in the discount rate applied to all the CGUs would result in additional write-downs of around €50 million.

Impairment losses on goodwill can never be reversed through income. For property, plant and equipment and other intangible assets, an impairment loss recognized in a prior period may be reversed if there is an indication that the impairment no longer exists and that the recoverable amount of the asset concerned exceeds its carrying amount.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories includes the costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. It is generally determined using the weighted-average cost method, and in some cases the First-In-First-Out (FIFO) method. Cost of inventories may also include the transfer from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of raw materials. Net realizable value is the selling price in the ordinary course of business, less estimated costs to completion and costs to sell. No account is taken in the inventory valuation process of the impact of below-normal capacity utilization rates.

Operating receivables and payables

Operating receivables and payables are stated at nominal value as they generally have maturities of less than three months. Provisions for impairment are established to cover the risk of total or partial non-recovery.

The Group considers that its exposure to concentrations of credit risk is limited due to its diversified business line-up, broad customer base and global presence. Past-due trade receivables are regularly monitored and analyzed, and provisions are set aside when appropriate.

Trade and other accounts receivable and payable are due mainly within one year, with the result that their carrying amount approximates fair value.

For trade receivables transferred under securitization programs, the contracts concerned are analyzed and if substantially all the risks associated with the receivables are not transferred to the financing institutions, they remain on the balance sheet and a corresponding liability is recognized in short-term debt.

Net debt

Long-term debt

Long-term debt includes bonds, Medium Term Notes, perpetual bonds, participating securities and all other types of long-term financial liabilities including lease liabilities and the fair value of derivatives qualifying as interest rate hedges.

Under IAS 32, the distinction between financial liabilities and equity is based on the substance of the contracts concerned rather than their legal form. As a result, participating securities are classified as debt. At the balance sheet date, long-term debt is measured at amortized cost. Premiums and issuance costs are amortized using the effective interest method.

Short-term debt

Short-term debt includes the current portion of the long-term debt described above, short-term financing programs such as commercial paper or *"Billets de Trésorerie"* (French Commercial Paper), bank overdrafts and other short-term bank borrowings, as well as the fair value of credit derivatives not qualifying for hedge accounting. At the balance sheet date, short-term debt is measured at amortized cost, with the exception of derivatives that are held as hedges of debt. Premiums and issuance costs are amortized using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand, bank accounts and marketable securities that are short-term (i.e. generally with maturities of less than three months), highly liquid investments readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Marketable securities are measured at fair value through profit or loss.

Further details about long- and short-term debt are provided in Note 21.

Foreign exchange, interest rate and commodity derivatives (swaps, options, futures)

The Group uses interest rate, foreign exchange and commodity derivatives to hedge its exposure to changes in interest rates, exchange rates and commodity prices that may arise in the normal course of business.

In accordance with IAS 32 and IAS 39, all of these instruments are recognized in the balance sheet and measured at fair value, irrespective of whether or not they are part of a hedging relationship that qualifies for hedge accounting under IAS 39.

Changes in fair value of both derivatives that are designated and qualify as fair value hedges and derivatives that do not qualify for hedge accounting are taken to the income statement (in business income for foreign exchange and commodity derivatives qualifying for hedge accounting, and in net financial expense for all other derivatives). However, in the case of derivatives that qualify as cash flow hedges, the effective portion of the gain or loss arising from changes in fair value is recognized directly in equity, and only the ineffective portion is recognized in the income statement.

Fair value hedges

Most interest rate derivatives used by the Group to swap fixed rates for variable rates are designated and qualify as fair value hedges. These derivatives hedge fixed-rate debts exposed to a fair value risk. In accordance with hedge accounting principles, debt included in a designated fair value hedging relationship is remeasured at fair value. As the effective portion of the gain or loss on the fair value hedge offsets the loss or gain on the underlying hedged item, the income statement is only impacted by the ineffective portion of the hedge.

Cash flow hedges

Cash flow hedge accounting is applied by the Group mainly for derivatives used to fix the cost of future investments in financial assets or property, plant and equipment, future purchases of gas and fuel oil (fixed-for-variable price swaps) and future purchases of foreign currencies (forward contracts). The transactions hedged by these instruments are qualified as highly probable. The application of cash flow hedge accounting allows the Group to defer the impact on the income statement of the effective portion of changes in the fair value of these instruments by recording them in a special hedging reserve in equity. The reserve is reclassified into the income statement when the hedged transaction occurs and the hedged item affects income. In the same way as for fair value hedges, cash flow hedging limits the Group's exposure to changes in the fair value of these price swaps to the ineffective portion of the hedge.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in the income statement. The instruments concerned mainly include cross-currency swaps; gas, currency and interest rate options; currency swaps; and futures and forward contracts.

Fair value of financial instruments

The fair value of financial assets and financial liabilities quoted in an active market corresponds to their quoted price, classified as level 1 in the fair value hierarchy defined in IFRS 7 and IFRS 13. The fair value of financial assets and financial liabilities not quoted in an active market is established by a recognized valuation technique such as reference to the fair value of another recent and similar transaction, or discounted cash flow analysis based on observable market data, classified as level 2 in the IFRS 7 and IFRS 13 fair value hierarchy.

The fair value of short-term financial assets and liabilities is considered as being the same as their carrying amount due to their short maturities.

Employee benefits – defined benefit plans

After retirement, the Group's former employees are eligible for pension benefits in accordance with the applicable laws and regulations in the respective countries in which the Group operates. There are also additional pension obligations in certain Group companies, both in France and in other countries.

In France, employees receive length-of-service awards on retirement based on years of service and the calculation methods prescribed in the applicable collective bargaining agreements.

The Group's obligation for the payment of pensions and length-of-service awards is determined at the balance sheet date by independent actuaries, using a method that takes into account projected final salaries at retirement and economic conditions in each country. These obligations may be financed by pension funds, with a provision recognized in the balance sheet for the unfunded portion.

In accordance with the amendment to IAS 19 applicable from January 1, 2013, the effect of any plan amendments (past service cost) is recognized immediately in the income statement.

Actuarial gains or losses reflect year-on-year changes in the actuarial assumptions used to measure the Group's obligations and plan assets, experience adjustments (differences between the actuarial assumptions and what has actually occurred), and changes in legislation. They are recognized in equity as they occur.

In the United States, Spain and Germany, retired employees receive benefits other than pensions, mainly concerning healthcare. The Group's obligation under these plans is determined using an actuarial method and is covered by a provision recorded in the balance sheet.

Provisions are also set aside on an actuarial basis for other employee benefits, such as jubilees or other long-service awards, deferred compensation, specific welfare benefits, and termination benefits in various countries. Any actuarial gains and losses relating to these benefits are recognized immediately.

The interest costs for these obligations and the expected return on the related plan assets are measured using the discount rate applied to estimate the obligation at the beginning of the period, and are recognized as financial expense or income.

Employee benefits – defined contribution plans

Contributions to defined contribution plans are expensed as incurred.

Employee benefits – share-based payments

Stock option plans

The cost of stock option plans is calculated using the Black & Scholes option pricing model, based on the following parameters:

- volatility assumptions that take into account the historical volatility of the share price over a rolling ten-year period, as well as implied volatility from traded share options. Periods of extreme share price volatility are disregarded;
- assumptions relating to the average holding period of options, based on observed behavior of option holders;
- expected dividends, as estimated on the basis of historical information dating back to 1988;
- a risk-free interest rate corresponding to the yield on long-term government bonds;
- the effect of any stock market performance conditions, which is taken into account in the initial measurement of the plan cost under IFRS 2.

The cost calculated using this method is recognized in the income statement over the vesting period of the options, ranging from three to four years.

For options exercised for new shares, the sum received by the Company when the options are exercised is recorded in "Capital stock" for the portion representing the par value of the shares, with the balance – net of directly attributable transaction costs – recorded under "Additional paid-in capital".

Group Savings Plan

The method used by Saint-Gobain to calculate the costs of its Group Savings Plan ("PEG") takes into account the fact that shares granted to employees under the plan are subject to a five- or ten-year lock-up. The lock-up cost is measured and deducted from the 20% discount granted by the Group on employee share awards. The calculation parameters are defined as follows:

- the exercise price, as set by the Board of Directors, corresponds to the average of the opening share prices quoted over the twenty trading days preceding the date of grant, less a 20% discount;
- the grant date of the options is the date on which the plan is announced to employees. For the Saint-Gobain Group, this is the date when the plan's terms and conditions are announced on the Group's intranet;
- the interest rate used to estimate the cost of the lock-up feature of employee share awards is the rate that would be charged by a bank to an individual with an average risk profile for a general purpose five- or ten-year consumer loan repayable at maturity.

Leveraged plan costs are calculated under IFRS 2 in the same way as for non-leveraged plans, but also take into account the advantage accruing to employees who have access to share prices with a volatility profile adapted to institutional investors.

The cost of the plans is recognized in full at the end of the subscription period.

Performance shares and performance unit grants

The Group set up a worldwide share grant plan in 2009 whereby each Group employee was awarded seven shares, while since 2009, performance share plans have been established for certain categories of employees. These plans are subject to eligibility criteria based on the grantee's period of service with the Group. The plan costs calculated under IFRS 2 take into account the eligibility criteria, the performance criteria – which are described in Note 15 – and the lock-up feature. They are determined after deducting the present value of forfeited dividends on the performance shares and are recognized over the vesting period, which ranges from two to four years depending on the country. Since 2012, performance unit plans have been set up for certain employees in France. These plans are also subject to eligibility criteria based on the grantee's period of service with the Group and to certain performance criteria. The costs calculated under IFRS 2 therefore take into account these factors, as well as the fact that the units are cash-settled. IFRS 2 stipulates that for cash-settled share-based payment transactions, the granted instruments are initially measured at fair value at the grant date, then remeasured at each period end, with the cost adjusted accordingly pro rata to the rights that have vested at the period-end. The cost is recognized over the vesting period of the rights.

Equity

Additional paid-in capital and legal reserve

This item includes capital contributions in excess of the par value of capital stock as well as the legal reserve, which corresponds to a cumulative portion of the net income of Compagnie de Saint-Gobain.

Retained earnings and net income for the year

Retained earnings and net income for the year correspond to the Group's share in the undistributed earnings of all consolidated companies.

Treasury stock

Treasury stock is measured at cost and recorded as a deduction from equity. Gains and losses on disposals of treasury stock are recognized directly in equity and have no impact on net income for the period.

Forward purchases of treasury stock are treated in the same way. When a fixed number of shares is purchased forward at a fixed price, this amount is recorded in "Other liabilities" and as a deduction from equity under "Retained earnings and net income for the year".

Other current and non-current liabilities and provisions

Provisions for other liabilities and charges

A provision is booked when (i) the Group has a present legal or constructive obligation towards a third party as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be estimated reliably.

If the timing or the amount of the obligation cannot be measured reliably, it is classified as a contingent liability and reported as an off-balance sheet commitment.

Provisions for other material liabilities and charges whose timing can be estimated reliably are discounted to present value.

Investment-related liabilities

Investment-related liabilities correspond to put options granted to minority shareholders of subsidiaries and liabilities relating to the acquisition of shares in Group companies, including additional purchase consideration. They are reviewed on a periodic basis and any subsequent changes in the fair value of minority shareholder puts are recognized by adjusting equity.

Income statement items

Revenue recognition

Revenue generated by the sale of goods or services is recognized net of rebates, discounts and sales taxes (i) when the risks and rewards of ownership have been transferred to the customer, or (ii) when the service has been rendered, or (iii) by reference to the stage of completion of the services to be provided.

Construction contracts are accounted for using the percentage of completion method, as explained below. When the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognized as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that it is probable will be recovered. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction contract revenues are not material in relation to total consolidated net sales.

Operating income

Operating income is a measure of the performance of the different Sectors and has been used by the Group as its key external and internal management indicator for many years. Foreign exchange gains and losses are included in operating income, as are changes in the fair value of financial instruments that do not qualify for hedge accounting when they relate to operating items.

Other business income and expense

Other business income and expense mainly include movements in provisions for claims and litigation and environmental provisions, gains and losses on disposals of assets, impairment losses, restructuring costs incurred upon the disposal or discontinuation of operations and the costs of workforce reduction measures.

Business income

Business income includes all income and expenses other than borrowing costs and other financial income and expense, the Group's share in net income of associates, and income taxes.

Net financial expense

Net financial expense includes borrowing and other financing costs, income from cash and cash equivalents, interest cost for pension and other post-employment benefit plans, net of the return on plan assets, and other financial income and expense such as exchange gains and losses and bank charges.

Income taxes

Current income tax is the estimated amount of tax payable in respect of income for a given period, calculated by reference to the tax rates that have been enacted or substantively enacted at the balance sheet date, plus any adjustments to current taxes recorded in previous financial periods.

Deferred taxes are recorded using the balance sheet liability method for temporary differences between the carrying amount of assets and liabilities and their tax basis. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realized or the liability settled, based on the tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only if it is considered probable that there will be sufficient future taxable income against which the temporary difference can be utilized. They are reviewed at each balance sheet date and written down to the extent that it is no longer probable that there will be sufficient taxable income against which the temporary difference can be utilized. In determining whether to recognize deferred tax assets for tax loss carryforwards, the Group applies a range of criteria that take into account the probable recovery period based on business plan projections and the strategy for the long-term recovery of tax losses applied in each country.

No deferred tax liability is recognized in respect of undistributed earnings of subsidiaries that are not intended to be distributed.

Deferred taxes are recognized as income or expense in the income statement, except if they relate to items that are recognized directly in equity, in which case the deferred tax is also recognized in equity.

Earnings per share

Basic earnings per share are calculated by dividing net income by the weighted average number of shares in issue during the period, excluding treasury stock.

Diluted earnings per share are calculated by adjusting earnings per share (see Note 27) and the average number of shares in issue for the effects of all dilutive potential common shares, such as stock options and convertible bonds. The calculation is performed using the treasury stock method, which assumes that the proceeds from the exercise of dilutive instruments are assigned on a priority basis to the purchase of common shares in the market.

Recurring net income

Recurring net income corresponds to income after tax and minority interests but before capital gains or losses, asset impairment losses, material non-recurring provisions and the related tax and minority interests.

The method used for calculating recurring net income is explained in Note 26.

Performance indicators

EBITDA

EBITDA corresponds to operating income before depreciation and amortization.

The method used for calculating EBITDA is explained in Note 26.

Return on capital employed

Return on capital employed (ROCE) corresponds to annualized operating income adjusted for changes in the scope of consolidation, expressed as a percentage of total assets at the period-end. Total assets include net property, plant and equipment, working capital, net goodwill and other intangible assets, but exclude deferred tax assets arising from non-amortizable brands and land.

Cash flow from operations

Cash flow from operations corresponds to net cash generated from operating activities before the impact of changes in working capital requirement, changes in current taxes and movements in provisions for other liabilities and charges and deferred taxes. Cash flow from operations is adjusted for the effect of material non-recurring provision charges.

The method used for calculating cash flow from operations is explained in Note 26.

Cash flow from operations before tax on capital gains and losses and non-recurring provisions

This item corresponds to cash flow from operations less the tax effect of asset disposals and of non-recurring provision charges and reversals.

The method used for calculating cash flow from operations before tax on capital gains and losses and non-recurring provisions is explained in Note 26.

Segment information

In compliance with IFRS 8, segment information reflects the Group's internal presentation of operating results to senior management. The Group has chosen to present segment information by Sector and Activity, without any further aggregation compared with the internal presentation. There were no changes in the presentation of segment information in 2013 compared with prior years.

NOTE 2 Changes in group structure

Changes in the number of consolidated companies

	France	Outside France	Total
Fully consolidated companies			
At January 1, 2013	166	719	885
Newly consolidated companies	4	11	15
Merged companies	(7)	(44)	(51)
Deconsolidated companies	(1)	(2)	(3)
Change in consolidation method			0
At December 31, 2013	**162**	**684**	**846**
Proportionately consolidated companies			
At January 1, 2013	3	23	26
Newly consolidated companies			0
Deconsolidated companies			0
Change in consolidation method			0
At December 31, 2013	**3**	**23**	**26**
Companies accounted for by the equity method			
At January 1, 2013	4	78	82
Newly consolidated companies		3	3
Merged companies		(6)	(6)
Deconsolidated companies		(7)	(7)
Change in consolidation method			0
At December 31, 2013	**4**	**68**	**72**
TOTAL AT JANUARY 1, 2013	**173**	**820**	**993**
TOTAL AT DECEMBER 31, 2013	**169**	**775**	**944**

Significant changes in Group structure

2013

On December 19, 2013, the Group signed an agreement for the sale of its US-based Fiber Cement siding business to Plycem USA, a subsidiary of Elementia of Mexico. This business was part of Saint-Gobain's Exterior Products Activity of the Construction Products Sector. It manufactures and sells fiber cement siding, trim and accessory products for the United States and Canadian residential and commercial construction markets. The transaction was finalized in early 2014.

On March 7, 2013, the Group signed an agreement for the sale of its US-based PVC Pipe and Foundations business to North American Pipe Corporation, a subsidiary of Westlake Chemical Corporation. The sale was completed on May 1, 2013 once anti-trust approvals had been obtained.

2012

On June 8, 2012, Saint-Gobain signed an agreement for the acquisition of the Celotex Group, one of the United Kingdom's leading manufacturers of high performance insulating foam. The transaction was completed in the second half of the year and Celotex was consolidated from September 1, 2012.

On March 30, 2012, Saint-Gobain completed the acquisition of Brossette from Wolseley, after the transaction was approved by France's competition authorities on March 23. Brossette is a distributor of plumbing-heating-sanitaryware products in France. It was consolidated as from April 1, 2012.

Impact on the consolidated balance sheet

The impact on the balance sheet at December 31, 2013 of changes in Group structure and in consolidation methods was as follows:

(in EUR millions)	Companies consolidated for the first time	Companies removed from the scope of consolidation	Total
Impact on assets			
Non-current assets	63	(37)	26
Inventories	7	(27)	(20)
Trade accounts receivable	3	(27)	(24)
Other current assets excluding cash and cash equivalents	8	(1)	7
	81	**(92)**	**(11)**
Impact on equity and liabilities			
Shareholders' equity and minority interests	2	78	80
Provisions for pensions and other employee benefits	0	0	0
Non-current liabilities	1	(1)	0
Trade accounts payable	5	(12)	(7)
Other payables and accrued expenses	6	(3)	3
	14	**62**	**76**
"Enterprise value of consolidated companies acquired/divested (a)"	**67**	**(154)**	**(87)**
Impact on consolidated net debt*			
Impact on cash and cash equivalents	(3)	1	(2)
Impact on net debt excluding cash and cash equivalents (b)	7	(2)	5
	4	**(1)**	**3**
"Acquisitions/disposals of shares in consolidated companies net of cash acquired/divested (a) - (b)"	**60**	**(152)**	**(92)**

** Corresponding to the debt, short-term credit facilities and cash and cash equivalents of acquired/divested companies.*

NOTE 3 Assets and liabilities held for sale

On January 17, 2013, Compagnie de Saint-Gobain signed an agreement for the sale of Saint-Gobain Containers, Inc. (SGCI) to Ardagh. On July 1, the US Federal Trade Commission (FTC) filed a complaint in Federal Court seeking to prevent the sale from being consummated. Discussions have been initiated in an effort to resolve the FTC's concerns. As these discussions were still ongoing as of January 13, 2014, Saint-Gobain and Ardagh decided to extend their agreement concerning the sale until April 30, 2014.

As required by IFRS 5, the assets and liabilities of Verallia North America (Saint-Gobain Containers, Inc. and its subsidiaries) are reported in the consolidated balance sheets at December 31, 2013 and December 31, 2012 under "Assets held for sale" and "Liabilities held for sale".

A deferred tax asset relating to the cumulative reserves carried in respect of Verallia North America was recognized at December 31, 2012 for an amount of €20 million, in accordance with IAS 12. This asset was reduced to €12 million at December 31, 2013, based on an updated estimate.

Assets and liabilities held for sale

(in EUR millions)	Dec. 31, 2013	Dec. 31, 2012
Goodwill and other intangible assets	185	195
Property, plant and equipment, net	506	449
Other non-current assets	9	12
Inventories, trade accounts receivable and other accounts receivable	274	279
Cash and cash equivalents	0	1
Total assets held to sale	**974**	**936**
Provisions for pensions and other employee benefits	228	348
Deferred tax liabilities and other non-current liabilities	78	6
Trade accounts payable, other payables and accrued expenses, and other current liabilities	167	143
Short term debt and bank overdrafts	0	0
Total liabilities held for sale	**473**	**497**

Commitments

In the same way as at the 2012 year-end, Verallia North America's off-balance sheet commitments have been excluded from the Group's off-balance sheet commitments at December 31, 2013. They concern future minimum lease payments due under operating leases and other commitments for approximately €37 million (December 31, 2012: €50 million).

Employees

The average number of employees of Verallia North America (4,384 in 2013) is included in the average number of Group employees for the year (Note 33).

NOTE 4 Impact of changes in accounting methods

Impact of applying the amendments to IAS 19 – Employee Benefits

The amendments to IAS 19 – Employee Benefits are applicable from January 1, 2013 with retrospective application to all periods presented. The main changes for the Group are as follows:

- unvested past service costs, which were previously deferred and recognized over the average vesting period, are now recognized immediately;
- the return on plan assets, which was previously estimated based on the expected return, is now determined using the discount rate applied to calculate the projected benefit obligation.

If the amended standard had been applied from January 1, 2012, the impact on the 2012 financial statements would have been as follows:

- financial expenses would have been €88 million higher (€62 million after tax), as a result of calculating the return on plan assets using the discount rate applied to the projected benefit obligation instead of the expected rate of return;
- operating expenses would have been €18 million higher (€11 million after tax), due to the immediate recognition of the effects of plan amendments (past service cost);
- opening equity at January 1, 2012 would have been €14 million lower (€10 million after tax), due mainly to the immediate recognition of past service costs (€8 million impact). The combined impact of all of these adjustments on closing equity at December 31, 2012 would have been a negative €32 million (€21 million after tax), plus €62 million in actuarial gains and losses corresponding to income and expenses recognized directly in equity.

The impact on each of the financial statements is presented below:

Impact on the consolidated balance sheet

The balance sheets at January 1 and December 31, 2012 have been adjusted as follows:

(in EUR millions)	Dec. 31, 2011 published	Restatements	At January 1st, 2012 restated	Dec. 31, 2012 published	Restatements	Dec. 31, 2012 restated
ASSETS						
Goodwill	11,041		11,041	10,936		10,936
Deferred tax assets	949	4	953	1,236	11	1,247
Other non-current assets	17,887		17,887	17,457		17,457
Current assets	16,357		16,357	17,894		17,894
TOTAL ASSETS	**46,234**	**4**	**46,238**	**47,523**	**11**	**47,534**
EQUITY AND LIABILITIES						
Shareholders' equity	17,815	(10)	17,805	17,439	(21)	17,418
Minority interests	403		403	412		412
Long-term debt	8,326		8,326	9,588		9,588
Provisions for pensions and other employee benefits	3,458	(13)	3,445	3,465	5	3,470
Deferred tax liabilities	893		893	792		792
Other non-current liabilities and provisions	2,143	26	2,169	2,171	26	2,197
Current liabilities	13,196	1	13,197	13,656	1	13,657
TOTAL EQUITY AND LIABILITIES	**46,234**	**4**	**46,238**	**47,523**	**11**	**47,534**

Impact on the consolidated income statement

The impact on the 2012 consolidated income statement can be summarized as follows:

(in EUR millions)	2012 published	Restatements	2012 restated
Business income	**1,984**	**(18)**	**1,966**
Borrowing costs, net	(587)		(587)
Other financial income and expense	(137)	(88)	(225)
Net financial expense	**(724)**	**(88)**	**(812)**
Share in net income of associates	12		12
Income taxes	(476)	33	(443)
Net income	**796**	**(73)**	**723**
Attributable to equity holders of the parent	**766**	**(73)**	**693**
Minority interests	30	0	30

Impact on the statement of recognized income and expense

The impact on the 2012 consolidated statement of recognized income and expense can be summarized as follows:

(in EUR millions)	2012 published	Restatements	2012 restated
Net income	**796**	**(73)**	**723**
Items that may be subsequently reclassified to profit or loss			
Translation adjustments	(65)		(65)
Change in fair value	7		7
Tax on items that may be subsequently reclassified to profit or loss	(24)		(24)
Items that will not be reclassified to profit or loss			
Changes in actuarial gains and losses	(922)	88	(834)
Tax on items that will not be reclassified to profit or loss	293	(26)	267
Income and expense recognized directly in equity	**(711)**	**62**	**(649)**
TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE YEAR	**85**	**(11)**	**74**
Attributable to equity holders of the parent	74	(11)	63
Minority interests	11	0	11

Impact on the consolidated statement of cash flows

The impact on the 2012 consolidated statement of cash flows can be summarized as follows:

(in EUR millions)	2012 published	Restatements	2012 restated
Net income attributable to equity holders of the parent	**766**	**(73)**	**693**
Other profit or loss items	1,929		1,929
Changes in working capital	563		563
Changes in deferred taxes and provisions for other liabilities and charges	(696)	73	(623)
Net cash from operating activities	**2,562**	**0**	**2,562**
Net cash from (used in) investing activities	**(2,112)**	**0**	**(2,112)**
Net cash from (used in) financing activities	**801**	**0**	**801**
Increase (decrease) in cash and cash equivalents	**1,251**	**0**	**1,251**
Net effect of exchange rate changes on cash and cash equivalents	(16)		(16)
Net effect from changes in fair value on cash and cash equivalents	(4)		(4)
Cash and cash equivalents classified as assets held for sale	(1)		(1)
Cash and cash equivalents at beginning of year	**2,949**	**0**	**2,949**
Cash and cash equivalents at end of year	**4,179**	**0**	**4,179**

NOTE 5 Goodwill

(in EUR millions)	2013	2012
At January 1		
Gross value	11,765	11,903
Accumulated impairment	(829)	(862)
Net	**10,936**	**11,041**
Movements during the year		
Changes in Group structure	12	143
Reclassification to assets held for sale	8	(191)
Impairment	(216)	(67)
Translation adjustments	(327)	10
Total	**(523)**	**(105)**
At December 31		
Gross value	11,415	11,765
Accumulated impairment	(1,002)	(829)
Net	**10,413**	**10,936**

In 2013, movements in goodwill mainly arose from translation adjustments and impairment losses on Building Distribution Sector goodwill.

In 2012, movements in goodwill mainly arose from changes in the scope of consolidation, with the acquisition of Celotex by the Construction Products Sector and Brossette by the Building Distribution Sector, and the reclassification as "Assets held for sale" of the remaining Verallia North America goodwill (Note 3).

NOTE 6 Other intangible assets

(in EUR millions)	Patents	Non amortizable brands	Software	Development costs	Other	Total
At January 1, 2012						
Gross value	141	2,778	834	80	334	4,167
Accumulated amortization and impairment	(108)		(681)	(48)	(182)	(1,019)
Net	**33**	**2,778**	**153**	**32**	**152**	**3,148**
Movements during the year						
Changes in Group structure and reclassifications	(4)	(1)	11	2	11	19
Reclassification to assets held for sale	0	0	(4)	0	0	(4)
Acquisitions	3		62	36	9	110
Disposals	0		(2)	0	(2)	(4)
Translation adjustments	0	29	(1)	0	(2)	26
Amortization and impairment	(4)		(64)	(17)	(14)	(99)
Total movements	**(5)**	**28**	**2**	**21**	**2**	**48**
At December 31, 2012						
Gross value	140	2,806	870	118	342	4,276
Accumulated amortization and impairment	(112)		(715)	(65)	(188)	(1,080)
Net	**28**	**2,806**	**155**	**53**	**154**	**3,196**
Movements during the year						
Changes in Group structure and reclassifications	1	(1)	6	(4)	(15)	(13)
Reclassification to assets held for sale	0	0	2	0	0	2
Acquisitions	3		55	22	22	102
Disposals	0		(1)	0	(2)	(3)
Translation adjustments	(1)	(39)	(7)	(1)	(6)	(54)
Amortization and impairment	(4)		(64)	(20)	(11)	(99)
Total movements	**(1)**	**(40)**	**(9)**	**(3)**	**(12)**	**(65)**
At December 31, 2013						
Gross value	139	2,766	890	127	317	4,239
Accumulated amortization and impairment	(112)		(744)	(77)	(175)	(1,108)
Net	**27**	**2,766**	**146**	**50**	**142**	**3,131**

The "Other" column includes amortizable manufacturing brands totaling €47 million at December 31, 2013 (December 31, 2012: €54 million).

NOTE 7 Property, plant and equipment

(in EUR millions)	Land and quarries	Buildings	Machinery and equipment	Assets under construction	Total
At January 1, 2012					
Gross value	2,462	8,529	21,660	1,518	34,169
Accumulated depreciation and impairment	(420)	(4,524)	(14,959)	(41)	(19,944)
Net	**2,042**	**4,005**	**6,701**	**1,477**	**14,225**
Movements during the year					
Changes in Group structure and reclassifications	29	45	15	44	133
Reclassification to assets held for sale	(10)	(66)	(338)	(35)	(449)
Acquisitions	65	97	414	1,197	1,773
Disposals	(14)	(17)	(32)	(7)	(70)
Translation adjustments	(13)	(2)	(48)	(31)	(94)
Depreciation and impairment	(43)	(311)	(1,407)	(61)	(1,822)
Transfers		239	948	(1,187)	0
Total movements	**14**	**(15)**	**(448)**	**(80)**	**(529)**
At December 31, 2012					
Gross value	2,512	8,697	21,377	1,500	34,086
Accumulated depreciation and impairment	(456)	(4,707)	(15,124)	(103)	(20,390)
Net	**2,056**	**3,990**	**6,253**	**1,397**	**13,696**
Movements during the year					
Changes in Group structure and reclassifications	20	(7)	13	(14)	12
Reclassification to assets held for sale	1	4	(61)	(1)	(57)
Acquisitions	17	64	272	1,001	1,354
Disposals	(42)	(65)	(30)	(16)	(153)
Translation adjustments	(71)	(162)	(311)	(91)	(635)
Depreciation and impairment	(35)	(333)	(1,207)	(7)	(1,582)
Transfers		240	963	(1,203)	0
Total movements	**(110)**	**(259)**	**(361)**	**(331)**	**(1,061)**
At December 31, 2013					
Gross value	2,408	8,557	21,202	1,169	33,336
Accumulated depreciation and impairment	(462)	(4,826)	(15,310)	(103)	(20,701)
Net	**1,946**	**3,731**	**5,892**	**1,066**	**12,635**

In 2013, other movements in property, plant and equipment included assets acquired under finance leases for an amount of €18 million (2012: €18 million). These finance leases are not included in the cash flow statement, in accordance with IAS 7. At December 31, 2013, total property, plant and equipment acquired under finance leases amounted to €77 million (December 31, 2012: €109 million) (Note 28).

NOTE 8 Investments in associates

(in EUR millions)	2013	2012
At January 1		
Equity in associates	157	129
Goodwill	49	38
Investments in associates	**206**	**167**
Movements during the year		
Changes in Group structure	(7)	31
Translation adjustments	(11)	2
Transfers, share issues and other movements	25	0
Dividends paid	(8)	(6)
Share in net income of associates	11	12
Total movements	**10**	**39**
At December 31		
Equity in associates	167	157
Goodwill	49	49
Investments in associates	**216**	**206**

Annual net sales recorded in the individual financial statements of associates totaled €830 million in 2013 (2012: €984 million) and their aggregate net income totaled €34 million (2012: €32 million). At December 31, 2013, total assets and liabilities of these companies amounted to €1,099 million and €497 million, respectively (December 31, 2012: €1,082 million and €535 million).

NOTE 9 Other non-current assets

(in EUR millions)	Available-for-sale and other securities	Capitalized loans and deposits	Pension plan surpluses	Total
At January 1, 2012				
Gross value	48	273	52	373
Provisions for impairment in value	(19)	(7)		(26)
Net	**29**	**266**	**52**	**347**
Movements during the year				
Changes in Group structure	1	1		2
Increases/(decreases)	14	27	4	45
Movements in provisions for impairment in value	0	1		1
Translation adjustments	0	(3)	1	(2)
Transfers and other movements	(3)	(31)		(34)
Total movements	**12**	**(5)**	**5**	**12**
At December 31, 2012				
Gross value	59	266	57	382
Provisions for impairment in value	(18)	(5)		(23)
Net	**41**	**261**	**57**	**359**
Movements during the year				
Changes in Group structure	(16)	2		(14)
Increases/(decreases)	37	12	21	70
Movements in provisions for impairment in value	0	1		1
Translation adjustments	(2)	(18)	(1)	(21)
Transfers and other movements	(2)	14		12
Total movements	**17**	**11**	**20**	**48**
At December 31, 2013				
Gross value	74	278	77	429
Provisions for impairment in value	(16)	(6)		(22)
Net	**58**	**272**	**77**	**407**

The change in impairment provisions on other non-current assets in 2013 reflects €1 million in additions (2012: €1 million) and €2 million in reversals (2012: €2 million).

As discussed in Note 1, available-for-sale and other securities are measured at fair value.

NOTE 10 Inventories

(in EUR millions)	Dec. 31, 2013	Dec. 31, 2012
Gross value		
Raw materials	1,407	1,463
Work in progress	248	249
Finished goods	4,824	4,910
Gross inventories	**6,479**	**6,622**
Provisions for impairment in value		
Raw materials	(143)	(134)
Work in progress	(9)	(10)
Finished goods	(330)	(345)
Provisions for impairment in value	**(482)**	**(489)**
Net	**5,997**	**6,133**

In 2013, cost of sales came to €31,996 million (2012: €33,046 million).

Impairment losses on inventories recorded in the 2013 income statement totaled €158 million (2012: €174 million). Impairment reversals, due to increases in the net realizable value of inventories, amounted to €123 million in 2013 (2012: €130 million) and were recorded as a deduction from impairment losses for the year.

NOTE 11 Trade and other accounts receivable

(in EUR millions)	31 déc. 2013	Dec. 31, 2012
Gross value	5,383	5,512
Provisions for impairment in value	(501)	(495)
Trade accounts receivable	**4,882**	**5,017**
Advances to suppliers	548	621
Prepaid payroll taxes	21	20
Other prepaid and recoverable taxes (other than income tax)	350	351
Other	402	438
Including:		
France	96	94
Other Western European countries	149	165
North America	15	22
Emerging countries and Asia	142	157
Provisions for impairment in value	(4)	(5)
Other receivables	**1,317**	**1,425**

The change in impairment provisions for trade accounts receivable in 2013 mainly reflects €126 million in additions (2012: €107 million) and €102 million in reversals (2012: €98 million) – resulting from recoveries as well as write-offs. Bad debt write-offs are also reported under this caption, for €83 million (2012: €71 million).

Net past-due trade receivables amounted to €938 million at December 31, 2013, after deducting provisions of €426 million (December 31, 2012: €874 million, after deducting provisions of €436 million), including €208 million over three months past due (December 31, 2012: €206 million).

NOTE 12 Equity

Number of shares outstanding

At December 31, 2013, Compagnie de Saint-Gobain's capital stock comprised 555,176,790 shares of common stock with a par value of €4 each, all in the same class (December 31, 2012: 531,125,642 shares).

During 2013, 4,499,142 new shares were issued to members of the 2013 Group Savings Plan at a price of €24.77, representing total proceeds of €111 million.

Treasury stock

Saint-Gobain shares held by Compagnie de Saint-Gobain and Saint-Gobain Corporation are shown as a deduction from equity under "Treasury stock" at historical cost. At December 31, 2013, 3,759,173 shares were held in treasury (December 31, 2012: 4,691,065). 1,799,334 shares were bought back on the market during the year (2012: 8,727,221) and 2,731,226 shares were sold (2012: 3,854,183). No shares were cancelled (2012: 9,540,000).

The liquidity contract set up with Exane BNP Paribas on November 16, 2007 was rolled over in 2013 and 2012.

In addition, for the purposes of a compensation plan set up in January 2008 for certain employees in the United States, Compagnie de Saint-Gobain shares are held by a trust administered by Wachovia Bank, National Association. In the consolidated financial statements these shares are treated as being controlled by Saint-Gobain Corporation.

NOTE 13 Stock option plans

Compagnie de Saint-Gobain has stock option plans available to certain employees.

The options are exercisable for Saint-Gobain shares at a price based on the average share price for the 20 trading days preceding the grant date. Since 1999, no stock options have been granted at a discount to the average price.

Since the November 2007 plan, all stock options are subject to a four-year vesting period. Under earlier plans, the vesting period was three years for non-residents and four years for tax residents. Options must be exercised within ten years of the date of grant. All rights to options are forfeited if the holder leaves the Group, unless expressly agreed otherwise by both the Chairman and Chief Executive Officer of Compagnie de Saint-Gobain and the Appointments, Compensation and Governance Committee of the Board of Directors.

All options granted between 1999 and 2002 were exercisable for existing shares, while those granted between 2003 and 2007 and in 2012 were exercisable for new shares. For plans launched between 2008 and 2011 and in 2013, the origin of the shares is determined at the latest at the end of the vesting period, with any options exercised before the decision is made being exercised for new shares. The Board of Directors decided that options granted under the 2008 and 2009 plans would be exercisable for new shares.

Until 2008, options were subject to a performance condition for certain grantees only. Since 2009, the plans are subject to a performance condition for all grantees.

For options granted under the 2013 plan, the value used to calculate the 30% contribution sociale tax due by grantees employed by French companies in the Group is €5.97 per option.

The following table presents changes in the number of outstanding options:

	EUR 4 par value shares	Average exercise price *(in EUR)*
Options outstanding at December 31, 2011	**25,799,443**	**41.54**
Options granted	253,000	27.71
Options exercised	(815,091)	21.68
Options forfeited	(855,949)	30.13
Options outstanding at December 31, 2012	**24,381,403**	**42.46**
Options granted	247,250	38.80
Options exercised	(2,497,850)	31.26
Options forfeited*	(667,106)	32.26
Options outstanding at December 31, 2013	**21,463,697**	**44.05**

** Options granted under the 2003 plan that had not been exercised when the plan expired on November 19, 2013.*

Stock option expense recorded in the income statement amounted to €4 million in 2013 (2012: €2 million). The fair value of options granted in 2013 amounted to €1 million.

The table below summarizes information about stock options outstanding at December 31, 2013, after taking into account the partial fulfillment of the performance criteria attached to certain plans.

Grant date	Options exercisable			Options not exercisable		Total options outstanding	Type of options
	Exercise price *(in EUR)*	Number of options	Weighted average contractual life *(in months)*	Exercise price *(in EUR)*	Number of options	Number of options	
2004	39.39	3,947,594	11			3,947,594	Subscription
2005	41.34	4,051,181	23			4,051,181	Subscription
2006	52.52	4,306,454	35			4,306,454	Subscription
2007	64.72	3,403,171	47			3,403,171	Subscription
2008	25.88	2,664,966	59			2,664,966	Subscription
2009	36.34	963,541	71			963,541	Subscription
2010			83	35.19	1,144,390	1,144,390	Subscription or Purchase*
2011			95	31.22	482,150	482,150	Subscription or Purchase*
2012			107	27.71	253,000	253,000	Subscription
2013			119	38.80	247,250	247,250	Subscription or Purchase*
TOTAL		**19,336,907**			**2,126,790**	**21,463,697**	

** 2010, 2011 and 2013 plans: see text above*

At December 31, 2013, 19,336,907 stock options were exercisable (at an average price of €45.17) and 2,126,790 options (average price €33.82) had not yet vested.

NOTE 14 Group savings plan

The Group Savings Plan ("PEG") is an employee stock purchase plan open to all Group employees in France and in most other countries where the Group does business. Eligible employees must have completed a minimum of three months' service with the Group. The purchase price of the shares, as set by the Chairman and Chief Executive Officer on behalf of the Board of Directors, corresponds to the average of the opening share prices quoted over the 20 trading days preceding the pricing date.

In 2013, the Group issued 4,499,182 shares with a par value of €4 (2012: 4,387,680 shares) to members of the PEG, for a total of €111 million (2012: €125 million).

In some years, as well as the standard plans, leveraged plans are offered to employees in countries where this is allowed under local law and tax rules.

Standard plans

Under the standard plans, eligible employees are offered the opportunity to invest in Saint-Gobain stock at a 20% discount. The stock is subject to a 5- or 10-year lock-up, except following the occurrence of certain events. The compensation cost recorded in accordance with IFRS 2 is measured by reference to the fair value of a discount offered on restricted stock (i.e. stock subject to a lock-up). The cost of the lock-up for the employee is defined as the cost of a two-step strategy that involves first selling the restricted stock forward five or ten years and then purchasing the same number of shares on the spot market and financing the purchase with debt. The borrowing cost is estimated at the rate that would be charged by a bank to an individual with an average risk profile for a general purpose five- or ten-year consumer loan repayable at maturity (see Note 1 for details of the calculation).

The standard plan cost recorded in the income statement amounted to €0 in 2013 (2012: €0 million), net of the lock-up cost for employees of €20 million (2012: €19 million).

The following table shows the main features of the standard plans, the amounts invested in the plans and the valuation assumptions applied in 2013 and 2012.

		2013	2012
Plan characteristics			
	Grant date	25 March	26 March
	Plan duration (in years)	5 ou 10	5 ou 10
	Benchmark price (in EUR)	30.96	35.73
	Purchase price (in EUR)	24.77	28.59
	Discount (in %)	20.00%	20.00%
(a)	Total discount on the grant date (in %)	16.82%	17.60%
	Employee investments (in EUR millions)	111.4	125.4
	Total number of shares purchased	4,499,142	4,387,680
Valuation assumptions			
	Interest rate paid by employees*	5.80%	6.35%
	5-year risk-free interest rate	0.89%	1.75%
	Repo rate	0.94%	0.40%
(b)	Lock-up discount (in %)	23.50%	20.18%
	Total cost to the Group (in %) **(a-b)**	-6.68%	-2.58%

** A 0.5-point decline in borrowing costs for the employee would have no impact on the 2013 cost as calculated in accordance with IFRS 2.*

Leveraged plans

No leveraged plans were set up in 2013 or 2012.

NOTE 15 Performance share and performance unit plans

Performance share plans

Various performance share plans have been set up by Saint-Gobain since 2009.

As of December 31, 2013, six performance share plans were outstanding:

- A worldwide plan authorized by Saint-Gobain's Board of Directors on November 19, 2009 whereby eligible employees and officers of the Group in France and abroad were each awarded seven performance shares. The shares were subject to a performance condition, which was met, and would have been forfeited if the grantee had left the Group before the end of the vesting period. In all, 1,359,960 performance share rights were awarded under the plan, as follows:
  - for eligible Group employees in France, Spain and Italy, the vesting period ended on March 29, 2012 and the shares were delivered on March 30, 2012 (393,610 shares were delivered, including 42 delivered in advance in 2011; 36,540 rights were forfeited due to the grantees leaving the Group). The vesting period has been followed by a two-year lock-up, such that the shares may not be sold until March 31, 2014 except in the case of the grantee's death or disability;
  - for eligible Group employees in all other countries, the vesting period will end on March 30, 2014 and the shares will be delivered on March 31, 2014 (929,691 shares potentially deliverable, after deducting the 119 shares delivered in advance). No lock-up period will apply.

- A performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 19, 2009. The shares were subject to a performance condition, which was met, and would have been forfeited if the grantee had left the Group before the end of the vesting period. In all, 622,790 performance share rights were awarded, as follows:
  - for eligible Group employees in France, the vesting period ended on March 29, 2012 and the shares were delivered on March 30, 2012 (245,320 shares were delivered; 15,080 rights were forfeited due to the grantees leaving the Group). The vesting period has been followed by a two-year lock-up, such that the shares may not be sold until March 31, 2014 except in the case of the grantee's death or disability;
  - for eligible Group employees in all other countries, the vesting period will end on March 30, 2014 and the shares will be delivered on March 31, 2014 (345,160 shares will be potentially deliverable, after deducting the 1,500 shares delivered in advance and the 15,730 rights forfeited due to the grantees leaving the Group). No lock-up period will apply.

- A performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 18, 2010. The shares were subject to a performance condition, which was partially met, and would be forfeited if the grantee left the Group before the end of the vesting period. In all, 737,550 performance share rights were awarded, as follows:
  - for eligible Group employees in France, the vesting period ended on March 29, 2013 and the shares were delivered on March 30, 2013 (186,495 shares were delivered, including 590 shares delivered in advance. 126,565 rights were forfeited because the performance conditions were not fully met, and 12,000 rights were forfeited due to the grantees leaving the Group). The vesting period has been followed by a two-year lock-up, such that the shares may not be sold until March 31, 2015 except in the case of the grantee's death or disability;
  - for eligible Group employees in all other countries, the vesting period will end on March 30, 2015 and the shares will be delivered on March 31, 2015 (249,520 shares will be potentially deliverable, after deducting the 700 shares delivered in advance, the 143,320 rights forfeited because the performance conditions were not fully met and the 18,950 rights forfeited due to the grantees leaving the Group). No lock-up period will apply.

- A performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 24, 2011. The shares were subject to a performance condition, which was partially met, and would be forfeited if the grantee left the Group before the end of the vesting period. In all, 942,920 performance share rights were awarded, as follows:
  - for eligible Group employees in France, the vesting period will end on March 29, 2014 and the shares will be delivered on March 30, 2014 (170,164 shares will be potentially deliverable after deducting the 2,813 shares delivered in advance, the 238,313 rights forfeited because the performance conditions were not fully met and the 4,270 rights forfeited due to the grantees leaving the Group). The vesting period will be followed by a two-year lock-up, such that the shares may not be sold until March 31, 2016 except in the case of the grantee's death or disability;
  - for eligible Group employees in all other countries, the vesting period will end on March 30, 2016 and the shares will be delivered on March 31, 2016 (238,926 shares will be potentially deliverable, after deducting the 279,634 rights forfeited because the performance conditions were not fully met and the 8,800 rights forfeited due to the grantees leaving the Group). No lock-up period will apply.

- A performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 22, 2012. The shares are subject to a performance condition and will be forfeited if the grantee leaves the Group before the end of the vesting period. The plan involves a total of 542,370 performance share rights. Grantees will be allocated existing shares of the Company. The vesting period will end on November 21, 2016 and the shares will be delivered on November 22, 2016. No lock-up period will apply.

- A performance share plan for eligible employees and officers of the Group outside France authorized by the Board of Directors on November 21, 2013. The shares are subject to a performance condition and will be forfeited if the grantee leaves the Group before the end of the vesting period. The plan involves a total of 541,655 performance share rights. Grantees will be allocated existing shares of the Company. The vesting period will end on November 20, 2017 and the shares will be delivered on November 21, 2017. No lock-up period will apply.

The table below shows changes in the number of performance share rights:

	Number of rights
Number of performance share rights at December 31, 2011	**3,662,387**
Performance share rights granted in November 2012	542,370
Shares issued/delivered	(641,669)
Lapsed and canceled rights	(897,242)
Number of performance share rights at December 31, 2012	**2,665,846**
Performance share rights granted in November 2013	541,655
Shares issued/delivered	(188,055)
Lapsed and canceled rights	(1,960)
Number of performance share rights at December 31, 2013	**3,017,486**

The fair value of the performance shares corresponds to the Saint-Gobain share price on the grant date less (i) the value of dividends not payable on the shares during the vesting period, and (ii) as for the Group Savings Plan, less the discount on restricted stock (i.e. stock subject to a 4-year lock-up), which has been estimated at around 30%. The compensation cost is recognized over the 2- or 4-year vesting period of the performance shares.

The cost recorded in the income statement for the two plans amounted to €10 million in 2013 (2012: €12 million).

The following table shows the expected dates when vested performance shares will be issued/delivered under the six plans, except in the case of the grantee's death or disability or departure from the Group before the end of the vesting period:

Grant date	Number of rights at December 31, 2013	End of the vesting period	Type of rights
November 19, 2009	929,691	March 2014	transmitting
November 19, 2009	345,160	March 2014	transmitting
November 18, 2010	249,520	March 2015	transmitting
November 24, 2011	170,164	March 2014	transmitting
November 24, 2011	238,926	March 2016	transmitting
November 22, 2012	542,370	November 2016	existing
November 21, 2013	541,655	November 2017	existing
TOTAL	**3,017,486**		

Performance unit plans

Performance unit plans were set up in 2012 and 2013. The units are subject to a performance condition and will be forfeited if the grantee leaves the Group before the end of the vesting period. The units will not give rise to the allocation of new or existing shares of the Company, but will entitle grantees to deferred cash compensation determined by reference to the Company's share price.

As of December 31, 2013, two performance unit plans were outstanding:

- a long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 22, 2012. In all, 536,400 performance units were awarded. The exercise period for the units runs from November 22, 2016 to November 21, 2022;
- a long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 21, 2013. In all, 588,535 performance units were awarded. The exercise period for the units runs from November 21, 2017 to November 20, 2023.

The expense recognized in 2013 in respect of these plans amounted to €5 million.

NOTE 16 Provisions for pensions and other employee benefits

(in EUR millions)	December 31, 2013	December 31, 2012 restated
Pensions	2,007	2,521
Length-of-service awards	296	304
Post-employment healthcare benefits	352	500
Total provisions for pensions and other post-employment benefit obligations	**2,655**	**3,325**
Healthcare benefits	23	27
Long-term disability benefits	18	23
Other long-term benefits	89	95
Provisions for pensions and other employee benefits	**2,785**	**3,470**

The following table shows defined benefit obligations under pension and other post-employment benefit plans and the related plan assets:

(in EUR millions)	December 31, 2013	December 31, 2012 restated
Provisions for pensions and other post-employment benefit obligations	2,655	3,325
Pension plan surpluses	(77)	(57)
Net pension and other post-employment benefit obligations	**2,578**	**3,268**

Changes in pension and other post-employment benefit obligations are as follows:

(in EUR millions)	Pension and other post-employement benefit obligations	Fair value of plan assets	Other	Net pension and post-employment benefit obligations
At January 1, 2012 restated	**9,807**	**(6,593)**	**6**	**3,220**
Movements during the year				
Service cost	188			188
Interest cost/return on plan assets*	439	(315)		124
Contributions to pension		(470)		(470)
Employee contributions		(14)		(14)
Actuarial gains and losses and asset ceiling	1,212	(388)	10	834
Currency translation adjustment	2	(24)		(22)
Benefit payments	(493)	393		(100)
Past service cost**	(176)			(176)
Changes in Group structure	39	(23)		16
Curtailments/settlements	(5)			(5)
Other	8	(4)	(2)	2
Reclassification to liabilities held for sale	(977)	648		(329)
Total movements	**237**	**(197)**	**8**	**48**
At December 31, 2012 restated	**10,044**	**(6,790)**	**14**	**3,268**
Movements during the year				
Service cost	213			213
Interest cost/return on plan assets*	396	(277)		119
Contributions to pension		(184)		(184)
Employee contributions		(11)		(11)
Actuarial gains and losses and asset ceiling	(595)	(107)	6	(696)
Currency translation adjustment	(292)	224	(1)	(69)
Benefit payments	(468)	376		(92)
Past service cost	(58)			(58)
Changes in Group structure				0
Curtailments/settlements	(31)			(31)
Changes in liabilities held for sale	150	(31)		119
Total movements	**(685)**	**(10)**	**5**	**(690)**
AT DECEMBER 31, 2013	**9,359**	**(6,800)**	**19**	**2,578**

** The actual return on plan assets came to €384 million for the year (2012: €703 million).*

*** Including the changes in reference and calculation assumptions in the United Kingdom explained in the paragraphs on actuarial assumptions.*

The following tables show the funded status of pension and other post-employment benefit obligations by geographic area:

December 31, 2013

(in EUR millions)	France	Other Western European countries	North America	Rest of the World	Net total
Average duration *(in years)*	13	17	13	9	16
Defined benefit obligation - funded plans	478	5,694	2,085	122	8,379
Defined benefit obligation - unfunded plans	309	312	334	25	980
Fair value of plan assets	(282)	(4,803)	(1,614)	(101)	(6,800)
Deficit/(surplus)	**505**	**1,203**	**805**	**46**	**2,559**
Asset ceiling					19
Net pension and other post-employment benefit obligations					**2,578**

December 31, 2012 restated

(in EUR millions)	France	Other Western European countries	North America	Rest of the World	Net total
Defined benefit obligation - funded plans	505	5,728	2,421	147	8,801
Defined benefit obligation - unfunded plans	310	386	500	47	1,243
Fair value of plan assets	(285)	(4,769)	(1,619)	(117)	(6,790)
Deficit/(surplus)	**530**	**1,345**	**1,302**	**77**	**3,254**
Asset ceiling					14
Net pension and other post-employment benefit obligations					**3,268**

Description of defined benefit plans

The Group's main defined benefit plans are as follows:

In France, in addition to length-of-service awards, there are three defined benefit plans all of which are final salary plans. These plans were closed to new entrants by the companies concerned between 1969 and 1997. Effective March 1, 2012, a new defined benefit plan complying with Article L.137-11 of France's Social Security Code was set up by Compagnie de Saint-Gobain.

In Germany, retirement plans provide pensions and death and disability benefits for employees. These plans have been closed to new entrants since 1996.

In the Netherlands, ceilings have been introduced for defined benefit supplementary pension plans, above which they are converted into defined contribution plans.

In the United Kingdom, retirement plans provide pensions as well as death and permanent disability benefits. These defined benefit plans – which are based on employees' average salaries over their final years of employment – have been closed to new entrants since 2001.

In the United States and Canada, the Group's defined benefit plans are final salary plans. Since January 1, 2001, new employees have been offered a defined contribution plan.

Provisions for other long-term employee benefits amounted to €130 million at December 31, 2013 (December 31, 2012: €145 million), and covered all other employee benefits, notably long-service awards in France, jubilees in Germany and employee benefits in the United States. The related defined benefit obligation is generally calculated on an actuarial basis using the same rules as for pension obligations.

Measurement of pension and other post-employment benefit obligations

Pensions and other post-employment benefit obligations are determined on an actuarial basis using the projected unit credit method, based on estimated final salaries.

The Group's total pension and other post-employment benefit obligations amounted to €9,359 million at December 31, 2013 (December 31, 2012: €10,044 million).

Plan assets

For defined benefit plans, plan assets have been progressively built up by contributions, primarily in the United States, the United Kingdom and Germany. Contributions paid by the Group totaled €184 million in 2013 (2012: €470 million). The actual return on plan assets came to €384 million for the year (2012: €703 million).

The fair value of plan assets – which came to €6,800 million at December 31, 2013 (December 31, 2012: €6,790 million) – is deducted from the Group's defined benefit obligation, as estimated using the projected unit credit method, in order to calculate the unfunded obligation to be covered by a provision.

Plan assets are mainly composed of equities (39%) and bonds (38%), with the remaining 23% invested in other asset classes.

Projected contributions to pension plans for 2014 are estimated at around €240 million.

Actuarial assumptions used to measure defined benefit obligations and plan assets

Assumptions related to mortality, employee turnover and future salary increases take into account the economic conditions specific to each country and company.

The assumptions used in 2013 for the Group's main plans were as follows:

(in %)	France	Other European countries Euro zone	Other European countries United Kingdom	United States
Discount rate	3.50%	3.50%	4.45%	4.75%
Salary increases	2.50%	2.00% to 2.60%	2.00%*	3.00%
Return on plan assets	3.50%	3.50%	4.45%	4.75%
Inflation rate	1.90%	1.80% to 2.00%	2.25%	2.10%

** A cap applies to the reference salaries used to calculate benefit entitlements.*

The assumptions used in 2012 for the Group's main plans, as adjusted based on IAS 19, were as follows:

(in %)	France	Other European countries Euro zone	Other European countries United Kingdom	United States
Discount rate	3.25%	3.25%	4.15%	3.75%
Salary increases	2.50%	2.00% à 2.60%	2.00%*	3.00%
Return on plan assets	3.25%	3.25%	4.15%	3.75%
Inflation rate	1.90%	1.75% à 2.00%	1.65%	2.00%

** A cap applies to the reference salaries used to calculate benefit entitlements.*

Discount rates were set by region or country based on observed bond rates at December 31, 2013.

A 0.5-point decrease (increase) in the discount rate would lead to an increase (decrease) in defined benefit obligations of around €170 million for the North American plans, €200 million for the euro-zone plans and €320 million for the UK plans. A 0.5-point increase in the inflation rate would lead to an overall increase in defined benefit obligations of €430 million.

The same assumptions concerning mortality, employee turnover and interest rates are used to determine the Group's defined benefit obligations for other long-term employee benefits. In the United States, retirees' healthcare costs are projected to rise by 7.61% per year. A 1-point increase in this rate would lead to an increase in the related projected benefit obligation of around €35 million.

Calculation assumptions in the United Kingdom have been partly modified by the introduction, in 2012, of a cap on reference salaries and the adjustment of benefit entitlements for employees taking early retirement or retiring for health reasons. The resulting reduction in the related benefit obligation, for the amount of £140 million in 2012, has been recognized under "Past service cost" in the table analyzing changes in pension and other post-employment benefit obligations.

Actuarial gains and losses

In 2006, the Group elected to apply the option available under IAS 19 and to record in equity actuarial gains and losses and the change in the asset ceiling (Note 1). In 2013, €696 million was recognized in equity (decrease in provisions). This amount corresponds to €595 million in actuarial differences, including a €34 million experience adjustment (corresponding to the effects of differences between previous actuarial assumptions and what has actually occurred), €6 million due to the raising of the asset ceiling, and a €107 million increase in plan assets.

Firm equity and bond markets helped to add €384 million to the value of plan assets, compared with an estimated increase of €277 million. A 0.5-point increase or decrease in the actual return on plan assets would have an impact of approximately €35 million on equity.

Plan surpluses and the asset ceiling

When plan assets exceed the defined benefit obligation, the excess is recognized in other non-current assets under "Plan surplus" (Note 9) provided that it corresponds to future economic benefits. The asset ceiling corresponds to the maximum future economic benefit. Changes in the asset ceiling are recognized in equity.

Plan surpluses and provisions for pensions and other post-employment benefits classified as assets and liabilities held for sale

In accordance with IFRS 5, the provisions for pensions and other post-employment benefits for employees of Verallia North America were classified as liabilities held for sale at December 31, 2013, for an amount of €210 million (December 31, 2012: €329 million). Including provisions for other long-term benefits in the amount of €18 million (December 31, 2012: €19 million), the total amount reclassified as "Liabilities held for sale" was €228 million (December 31, 2012: €348 million) (Note 3).

Employee benefits expense

The cost of the Group's pension and other post-employment benefit plans (excluding other employee benefits) is as follows:

(in EUR millions)	2013	2012 restated
Service cost	213	188
Interest cost	396	439
Expected return on plan assets	(277)	(315)
Curtailments and settlements	(89)	(181)
Pensions, length-of-service awards and other post-employment benefits	**243**	**131**
Employee contributions	(11)	(14)
TOTAL	**232**	**117**

Additional information about defined contribution plans

Contributions to defined contribution plans for 2013 represented an estimated €644 million (2012: €681 million), including €447 million for government-sponsored basic pension schemes (2012: €473 million), €138 million for government-sponsored supplementary pension schemes, mainly in France (2012: €138 million), and €59 million for corporate-sponsored supplementary pension plans (2012: €70 million).

NOTE 17 Current and deferred taxes

The pre-tax income of consolidated companies is as follows:

(in EUR millions)	2013	2012 restated
Net income	631	723
Less:		
Share in net income of associates	11	12
Income taxes	(476)	(443)
Pre-tax income of consolidated companies	**1,096**	**1,154**

Income tax expense breaks down as follows:

(in EUR millions)	2013	2012 restated
Current taxes	**(622)**	**(612)**
France	(123)	(151)
Outside France	(499)	(461)
Deferred taxes	**146**	**169**
France	38	64
Outside France	108	105
Total income tax expense	**(476)**	**(443)**

The effective tax rate breaks down as follows:

(in EUR millions)	2013	2012 restated
Tax rate in France	34.4	34.4
Impact of tax rates outside France	(8.9)	(3.8)
Impact of Finance Law in France (add-in 10.7% in 2013 and add-in 5% in 2012)	3.6	1.7
Capital gains and losses and asset impairments	12.2	4.3
Provisions for deferred tax assets	11.7	4.3
Effect of changes in future tax rates	(6.4)	(3.7)
Research tax credit	(2.2)	(1.6)
Other deferred and miscellaneous taxes	(1.0)	2.8
Effective tax rate	**43.4**	**38.4**

In the balance sheet, changes in net deferred tax liability break down as follows:

(in EUR millions)	Net deferred tax assets/(liability)
At January 1, 2012 restated	**60**
Deferred tax (expense)/benefit	169
Changes in deferred taxes on actuarial gains and losses recognized in accordance with IAS 19 (note 16)	267
Translation adjustments	(19)
Impact of changes in Group structure and other	(22)
At December 31, 2012 restated	**455**
Deferred tax (expense)/benefit	146
Changes in deferred taxes on actuarial gains and losses recognized in accordance with IAS 19 (note 16)	(260)
Translation adjustments	(10)
Impact of changes in Group structure and other	82
At December 31, 2013	**413**

The table below shows the principal components of the deferred tax:

(in EUR millions)	December 31, 2013	December 31, 2012 restated
Deferred tax assets	1,125	1,247
Deferred tax liabilities	(712)	(792)
Net deferred tax	**413**	**455**
Pensions	680	946
Brands	(738)	(781)
Depreciation & amortization, accelerated capital allowances and tax-driven provisions	(985)	(1,005)
Tax loss carryforwards	873	748
Other	583	547
TOTAL	**413**	**455**

Deferred taxes are offset at the level of each tax entity, i.e., by tax group where applicable (mainly in France, the United Kingdom, Spain, Germany, the United States and the Netherlands).

Deferred tax assets of €1,125 million were recognized at December 31, 2013 (December 31, 2012: €1,247 million). They include deferred tax assets of €523 million in the United States that are expected to be recovered within the maximum utilization period of 20 years and €157 in Germany, where the "Organschaft" group relief system allows deferred tax assets to be recovered within a short period. Deferred tax liabilities recognized at December 31, 2013 amounted to €712 million (December 31, 2012: €792 million), including €254 million in France and €174 million in the United Kingdom. Deferred tax liabilities recognized in other countries represented considerably smaller amounts.

Deferred tax assets whose recovery is not considered probable totaled €349 million at December 31, 2013 (December 31, 2012: €261 million) and are fully accrued.

NOTE 18 Other current and non-current liabilities and provisions

(in EUR millions)	Provisions for claims and litigation	Provisions for environmental risks	Provisions for restructuring costs	Provisions for personnel costs	Provisions for customer warranties	Provisions for other contingencies	Total provision for other liabilities	Investment related liabilities	Total
At January 1, 2012 restated									
Current portion	117	33	93	36	113	138	530	204	734
Non-current portion	1,384	136	90	37	142	255	2,044	125	2,169
Total	**1,501**	**169**	**183**	**73**	**255**	**393**	**2,574**	**329**	**2,903**
Movements during the year									
Additions	157	8	151	24	95	88	523		523
Reversals	(7)	(2)	(37)	(8)	(24)	(53)	(131)		(131)
Utilizations	(97)	(13)	(112)	(18)	(66)	(77)	(383)		(383)
Changes in Group structure	0	0	5	1	0	4	10		10
Other (reclassifications and translation adjustments)	(6)	(11)	(5)	(5)	(4)	9	(22)	(245)	(267)
Total movements	**47**	**(18)**	**2**	**(6)**	**1**	**(29)**	**(3)**	**(245)**	**(248)**
At December 31, 2012 restated									
Current portion	102	16	98	32	105	103	456	2	458
Non-current portion	1,446	135	87	35	151	261	2,115	82	2,197
Total	**1,548**	**151**	**185**	**67**	**256**	**364**	**2,571**	**84**	**2,655**
Movements during the year									
Additions	168	12	184	35	96	60	555		555
Reversals	(25)	(7)	(32)	(11)	(25)	(46)	(146)		(146)
Utilizations	(109)	(9)	(140)	(16)	(50)	(37)	(361)		(361)
Changes in Group structure	0	0	0	0	0	1	1		1
Other (reclassifications and translation adjustments)	(18)	13	(1)	(4)	(8)	(33)	(51)	15	(36)
Total movements	**16**	**9**	**11**	**4**	**13**	**(55)**	**(2)**	**15**	**13**
At December 31, 2013									
Current portion	111	27	113	28	148	51	478	1	479
Non-current portion	1,453	133	83	43	121	258	2,091	98	2,189
Total	**1,564**	**160**	**196**	**71**	**269**	**309**	**2,569**	**99**	**2,668**

Provisions for claims and litigation

In 2013, provisions for claims and litigation covered potential costs arising from investigations by the competition authorities involving the Flat Glass business and from asbestos-related litigation. These provisions are described in further detail in Note 29.

Provisions for environmental risks

Provisions for environmental risks cover costs relating to environmental protection measures, as well as site rehabilitation and clean-up costs.

Provisions for restructuring costs

Provisions for restructuring costs came to €196 million at December 31, 2013 (December 31, 2012: €185 million), including net additions of €152 million during the year. The provisions primarily concern Benelux (€45 million), Germany (€39 million), France (€35 million) and the United Kingdom (€25 million).

Provisions for personnel costs

These provisions primarily cover indemnities due to employees that are unrelated to the Group's reorganization plans.

Provisions for customer warranties

These provisions cover the Group's commitments under the warranties granted to customers in the United States and other markets. They are determined on a statistical basis using a range of criteria and take into account contractual warranty payments made in prior years in the business and region concerned. In addition, specific provisions may be set aside for identified risks.

Provisions for other contingencies

At December 31, 2013, provisions for other contingencies amounted to €309 million and mainly concerned France (€89 million), Germany (€82 million), the United States (€47 million) and Latin America (€42 million).

Investment-related liabilities

Changes in investment-related liabilities primarily concerned liabilities arising from put options granted to minority shareholders in subsidiaries.

NOTE 19 Trade and other accounts payable and accrued expenses

(in EUR millions)	Dec. 31, 2013	Dec. 31, 2012
Trade accounts payable	**5,928**	**6,143**
Customer deposits	826	795
Payable to suppliers of non-current assets	282	298
Grants received	89	125
Accrued personnel expenses	1,135	1,173
Accrued taxes other than on income	395	408
Other	584	609
- France	76	89
- Germany	58	57
- United Kingdom	108	120
- Other Western European countries	104	109
- North America	41	32
- Emerging countries and Asia	197	202
TOTAL OTHER PAYABLES AND ACCRUED EXPENSES	**3,311**	**3,408**

Trade and other accounts payable are due mainly within one year, with the result that their carrying amount approximates fair value.

NOTE 20 Risk factors

Market risks (liquidity, interest rate, foreign exchange, energy, row materials and credit risks)

Liquidity risk on financing

In a crisis environment, the Group could be unable to raise the financing or refinancing needed to cover its investment plans on the credit market or the capital market, or to obtain such financing or refinancing on acceptable terms.

There is also no guarantee that the Company's credit rating will remain at the current level.

The Group's overall exposure to liquidity risk on net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain. Except in special cases, all of the Group companies' long-term financing needs and the majority of their short-term financing needs are met by Compagnie de Saint-Gobain or by the Delegations' cash pools.

The main objective of liquidity risk management processes is to guarantee that the Group's financing sources will be rolled over at maturity and to optimize annual borrowing costs. Long-term debt therefore systematically represents a high percentage of overall debt. At the same time, the maturity schedules of long-term debt are set in such a way that replacement capital market issues are spread over time.

Medium-term notes are the main source of long-term financing used by the Group, along with bonds. However it also uses perpetual bonds, participating securities, a long-term securitization program, bank borrowings and lease financing.

Short-term debt is composed of borrowings under French Commercial Paper (Billets de Trésorerie) programs and, from time to time, Euro Commercial Paper and US Commercial Paper programs, but also includes receivables securitization programs and bank overdrafts. Short-term financial assets comprise marketable securities and cash equivalents.

To maintain secure sources of financing, Compagnie de Saint-Gobain has various confirmed syndicated lines of credit.

A breakdown of long- and short-term debt is provided by type and maturity in Note 21. The amounts, currencies, and acceleration clauses of the Group's financing programs and confirmed credit lines are also discussed in Note 21.

Saint-Gobain's long-term debt issues have been rated BBB with a negative outlook by Standard & Poor's since October 29, 2012 and Baa2 with a negative outlook by Moody's since November 12, 2012.

Liquidity risk on investments

Short-term investments consist of bank deposits and mutual fund units. To reduce liquidity or volatility risk, whenever possible, the Group invests in money market and/or bond funds.

Interest rate risks

The Group's overall exposure to interest rate risk on net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain. Where subsidiaries use derivatives to hedge interest rate risks, their counterparty is generally Compagnie de Saint-Gobain, the Group's parent company.

The Group's overall exposure to interest rate risk on consolidated debt is managed primarily with the objective of fixing the cost of medium-term debt and optimizing annual borrowing costs. According to Group policy, the derivative financial instruments used to hedge these risks comprise interest rate swaps, cross-currency swaps, options – including caps, floors and swaptions – and forward rate agreements.

Based on a sensitivity analysis of the Group's total net debt after hedging, a 50-basis point increase in euro interest rates at the balance sheet date would lead to an €12 million increase in net income, and a 50-basis point increase in euro and sterling interest rates at the balance sheet date would lead to a €6 million increase in equity.

Foreign exchange risk

The currency hedging policies described below could be inadequate to protect the Group against unexpected or sharper than expected fluctuations in exchange rates resulting from economic and financial market conditions.

Foreign exchange risks are managed by hedging commercial transactions carried out by Group entities in currencies other than their functional currencies. Compagnie de Saint-Gobain and its subsidiaries use foreign exchange contracts and currency options to hedge exposures arising from current and future commercial transactions. The subsidiaries generally set up options through the Group's parent company, Compagnie de Saint-Gobain, which then takes a reverse position on the market.

Most forward contracts have short maturities, of around three months. However, forward contracts taken out to hedge firm orders may have terms in excess of one year.

Wherever possible, foreign exchange risks are hedged with Compagnie de Saint-Gobain upon receipt of the orders sent by the subsidiaries, or with the local delegations' cash pools. In other cases, hedges are contracted with the subsidiaries' banks.

The Group monitors its exposure to foreign exchange risk using a monthly reporting system that captures the foreign exchange positions taken by subsidiaries. At December 31, 2013, 98% of the Group's foreign exchange position was hedged.

The net foreign exchange exposure of subsidiaries whose functional currency is not one of those presented below was as follows at December 31, 2013:

(in millions of euro equivalents)	Long	Short
EUR	1	2
USD	3	8
Other currencies	0	6
TOTAL	**4**	**16**

Based on a sensitivity analysis at December 31, 2013, a 10% increase in the exchange rates of the main currencies used by subsidiaries would have the following impact on net income:

(in EUR millions)	Net gain or loss
EUR	(0.1)
USD	(0.5)

A 10% fall in exchange rates would have a reverse impact in the same amounts, assuming that all other variables were unchanged.

Energy and raw materials risk

The Group is exposed to changes in the price of raw materials used in its products and in energy prices. The energy and raw materials hedging programs may be inadequate to protect the Group against significant or unforeseen price swings that could result from the prevailing financial and economic environment.

The Group may limit its exposure to energy price fluctuations by using swaps and options to hedge part of its fuel oil, natural gas and electricity purchases. The swaps and options are mainly contracted in the functional currency of the entities concerned. Hedges of gas and fuel oil purchases are managed by a steering committee comprising members of the Group Finance Department, the Group Purchasing Department (Saint-Gobain Achats – SGA) and the relevant Delegations.

Hedges of energy purchases (excluding fixed-price purchases negotiated directly with suppliers by the Purchasing Department) are generally arranged by the Group Treasury and Financing Department (or with the Delegations' treasury departments) in accordance with instructions received from the Group Purchasing Department (Saint-Gobain Achats).

The steering committee does not manage hedges not mentioned above because:

- the volumes involved are not material, or
- there are no international price indexes used by local players and transactions are therefore based on either administered prices or strictly national indexes.

In both of these cases, local purchasing units manage energy risk primarily through fixed-price purchases.

The Group may from time to time enter into contracts to hedge purchases of other commodities, in accordance with the principles outlined above for energy purchases.

Credit risk

The Group may be exposed to the risk of losses on cash and other financial instruments held or managed on its behalf by financial institutions, if any of its counterparties defaults on its obligations. Group policy is to limit its exposure by dealing solely with leading counterparties and monitoring their credit ratings, in line with guidelines approved by the Board of Directors. However, credit risks arising from transactions with financial counterparties can escalate rapidly and a high credit rating is no guarantee that an institution will not experience a rapid deterioration of its financial position. As a result, there is no guarantee that this policy will be effective in entirely eliminating counterparty risk. Any default by a counterparty could have a material adverse effect on the Group's objectives, operating income and financial position.

To limit the Group's exposure to credit risk, the Treasury and Financing Department deals primarily with counterparties with a long-term rating of A- or above from Standard & Poor's or A3 or above from Moody's. Concentrations of credit risk are closely monitored to ensure that they remain at reasonable levels.

Note 22 provides details of the Group's interest rate and energy hedges, and the interest rates for the main items of debt. It also provides a breakdown of debt by currency and interest rate (fixed or variable).

NOTE 21 Net debt

Long- and short-term debt

Long- and short-term debt consists of the following:

(in EUR millions)	December 31, 2013	December 31, 2012
Bond issues and Medium-Term Notes	8,374	8,989
Perpetual bonds and participating securities	203	203
Securitizations long-term	400	0
Other long-term debt including finance leases	383	374
Fair value of interest rate hedges	35	22
Total long-term debt (excluding current portion)	**9,395**	**9,588**
Current portion of long-term debt	**1,721**	**1,732**
Short-term financing programs (US CP, Euro CP, Billets de trésorerie)	110	691
Bank overdrafts and other short-term bank borrowings	597	570
Securitizations short-term	91	89
Fair value of derivatives not qualified as hedges of debt	(2)	(1)
Short-term debt and bank overdrafts	**796**	**1,349**
TOTAL GROSS DEBT	**11,912**	**12,669**
Cash at bank	(1,312)	(1,400)
Mutual funds and other marketable securities	(3,079)	(2,779)
Cash and cash equivalents	**(4,391)**	**(4,179)**
TOTAL NET DEBT, INCLUDING ACCRUED INTEREST	**7,521**	**8,490**

The fair value of gross long-term debt (including the current portion) managed by Compagnie de Saint-Gobain amounted to €10.5 billion at December 31, 2013, for a carrying amount of €9.9 billion. The fair value of bonds corresponds to the market price on the last day of the year. For other borrowings, fair value is considered as being equal to the amount repayable.

Debt repayment schedule

Debt at December 31, 2013 can be analyzed as follows by maturity:

(in EUR millions)	Currency	Within 1 year	1 to 5 years	Beyond 5 years	Total
Bond issues and Medium-Term Notes	EUR	1,187	3,822	3,415	8,424
	GBP		359	655	1,014
	JPY		34		34
	NOK		89		89
Perpetual bonds and participating securities	EUR			203	203
Securitizations long-term	EUR	181	400		581
Other long-term debt including finance leases	All currencies	144	223	160	527
Fair value of interest rate hedges	EUR			35	35
Accrued interests long-term debt	All currencies	209			209
TOTAL LONG-TERM DEBT		**1,721**	**4,927**	**4,468**	**11,116**
Borrowings due within one year and other short-term financing	All currencies	795			795
Fair value of derivatives not qualified as hedges of debt	All currencies	(2)			(2)
Accrued interests short-term debt	All currencies	3			3
TOTAL SHORT-TERM DEBT		**796**	**0**	**0**	**796**
TOTAL GROSS DEBT		**2,517**	**4,927**	**4,468**	**11,912**

At December 31, 2013, future interest payments on gross long-term debt (including the current portion) managed by Compagnie de Saint-Gobain were due as follows:

(in EUR millions)	Within 1 year	1 to 5 years	Beyond 5 years	Total
Future interest payments on gross long-term debt	409	1,101	840	2,350

Interest on perpetual bonds and participating securities is calculated through to 2033.

Bonds

During 2013, Compagnie de Saint-Gobain carried out the following debt management transactions to extend the average maturity of debt while reducing average borrowing costs.

- on March 27, 2013, NOK 750 million 5-year 4% bond issue, due 2018;
- on March 28, 2013, €100 million 20-year 3.875% private placement, due 2033;
- on June 5, 2013, €164 million 10.5-year 2.875% private placement, due December 2023, increased to €362 million through five tap issues:
  - on July 3, for €70 million ;
  - on October 21, for €66 million (two issues);
  - on November 26, for €62 million (two issues).
- on September 25, 2013, €37 million 20-year 4.18% private placement, due September 2033;
- on September 27, 2013, €10 million 20-year 4.16% private placement, due September 2033.

On January 29, 2013, a €155 million bank loan was repaid at maturity.

On May 20, 2013, a €575 million bond issue was redeemed at maturity.

On September 16, 2013, a €606 million bond issue was redeemed at maturity.

Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued €125 million worth of perpetual bonds (25,000 bonds with a face value of €5,000).

Up to December 31, 2013, 18,496 perpetual bonds had been bought back and canceled, and 6,504 perpetual bonds were outstanding, representing a total face value of €33 million.

The bonds pay interest at a variable rate indexed to Euribor. Interest paid in 2013 amounted to €31.68 per bond.

The bonds are not redeemable and interest on them is classified as a component of finance costs.

Participating securities

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their conversion into euros in 1999.

A certain number of securities have been bought back over the years. At December 31, 2013, 606,883 securities were outstanding with an aggregate face value of €92.5 million.

Interest on the securities ranges from 75% to 125% of the average corporate bond rate (TMO), based on the Group's consolidated income. Interest paid in 2013 amounted to €5.30 per security.

In April 1984, 194,633 non-voting participating securities were issued with a face value of ECU 1,000, now €1,000.

A certain number of securities have been bought back over the years. At December 31, 2013, 77,516 securities were outstanding with an aggregate face value of €77.5 million.

Interest comprises (i) a fixed portion of 7.5% per year applicable to 60% of the security, and (ii) a variable portion applicable to the remaining 40% of the security, which is linked to consolidated net income of the previous year, subject to the cap specified in the issue agreement. In all, depending on the level of consolidated net income, the interest rate ranges from a minimum of 4.5% to a maximum of 6.75% if the TMOE rate is below 5% or TMOE + 175bps if the TMOE rate is above 5%. Interest for 2013 amounted to €63.70 per security, paid in two installments (€33.55 and €30.15).

These securities are not redeemable and the interest paid on them is reported under "Borrowing costs".

Financing programs

Compagnie de Saint-Gobain has a number of medium and long-term financing programs (Medium Term Notes) and short-term financing programs (Commercial Paper and *Billets de Trésorerie*).

At December 31, 2013, issuance under these programs was as follows:

Programs *(in millions of currency units)*	Currency	Maturities	Authorized program at Dec. 31, 2013	Outstanding issues at Dec. 31, 2013	Outstanding issues at Dec. 31, 2012
Medium Term Notes	EUR	1 to 30 years	15,000	9,375	9,246
US commercial paper	USD	Up to 12 months	1,000*	0	0
Euro commercial paper	USD	Up to 12 months	1,000*	0	0
Billets de trésorerie	EUR	Up to 12 months	3,000	110	691

* *Equivalent to €725 million based on the exchange rate at December 31, 2013.*

In accordance with market practices, *Billets de Trésorerie,* Euro Commercial Paper and US Commercial Paper are generally issued with maturities of one to six months. They are treated as variable-rate debt, because they are rolled over at frequent intervals.

Syndicated lines of credit

Compagnie de Saint-Gobain has various syndicated lines of credit that are intended to provide a secure source of financing for the Group (including as additional backing for its US Commercial Paper, Euro-Commercial Paper and *Billets de Trésorerie* programs). They include:

- an initial €1.5 billion syndicated line of credit expiring in December 2017, that was obtained in December 2012. The facility was renegotiated in December 2013 and rolled over until December 2018 for €1.46 billion.
- a second €2.539 billion syndicated line of credit expiring in December 2018 with two one-year rollover options that was obtained in December 2013. At the same time, the €2.5 billion line of credit expiring in December 2015 was canceled.

Based on Saint-Gobain's current credit rating for long-term debt issues, the two facilities are not subject to any hard covenants.

Neither of these two lines of credit was drawn down at December 31, 2013.

Receivables securitization programs

The Group has set up two receivables securitization programs, one through its French subsidiary GIE Point-P Finances, and the other through its US subsidiary, Saint-Gobain Receivables Corporation.

The €600 million French program was set up on December 2, 2013. At December 31, 2013, it amounted to €581 million. Based on observed seasonal fluctuations in receivables included in the program and on the contract's features, €400 million of this amount was classified as non-current and the balance as current.

Interest on the program amounted to €0.2 million in 2013.

The US program, which is rolled over each year, amounted to €91 million at December 31, 2013 (December 31, 2012: €89 million).

Interest on the program amounted to €1.8 million in 2013 (2012: €2.5 million).

Bank overdrafts and other short-term bank borrowings

This item includes bank overdrafts, local short-term bank borrowings taken out by subsidiaries, and accrued interest on short-term debt.

Collateral

At December 31, 2013, €49 million of Group debt was secured by various non-current assets (real estate and securities).

NOTE 22 Financial instruments

Derivatives

The following table presents a breakdown of the principal derivatives used by the Group:

(in EUR millions)	Fair value at December 31, 2013			Fair value at Dec. 31, 2012	Nominal value broken down by maturity at December 31, 2013			
	Derivatives recorded in assets	Derivatives recorded in liabilities	Total		Within 1 year	1 to 5 years	Beyond 5 years	Total
Fair value hedges	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash flow hedges								
Currency	12	(4)	8	1	1,101	18	0	1,119
Interest rate	4	(39)	(35)	(22)	0	0	395	395
Energy and commodity	0	0	0	(2)	42	4	0	46
Other risks	3	0	3	0	0	41	0	41
Cash flow hedges - total	**19**	**(43)**	**(24)**	**(23)**	**1,143**	**63**	**395**	**1,601**
Derivatives not qualifying for hedge accounting								
Currency	4	(9)	(5)	6	1,508	1	0	1,509
Interest rate	0	0	0	0	0	0	0	0
Energy and commodity	0	0	0	0	0	0	0	0
Derivatives non qualifying for hedge accounting - total	**4**	**(9)**	**(5)**	**6**	**1,508**	**1**	**0**	**1,509**
TOTAL	**23**	**(52)**	**(29)**	**(17)**	**2,651**	**64**	**395**	**3,110**
"o/w derivatives used to hedge net debt"	14	(47)	(33)	(21)				0

Currency instruments

Currency swaps

The Group uses currency swaps mainly to convert euro-denominated funds into foreign currencies for cash management purposes.

Forward foreign exchange contracts and currency options

Forward foreign exchange contracts and currency options are used to hedge foreign currency transactions, particularly commercial transactions (purchases and sales) and investments.

Interest rate instruments

Interest rate swaps

The Group uses interest rate swaps to convert part of its fixed (variable) rate bank debt and bond debt to variable (fixed) rates.

Cross-Currency Swaps

The Group uses cross-currency swaps to convert foreign currency debt (euro debt) into euro debt (foreign currency debt).

Energy and commodity instruments

Energy and commodity swaps

Energy and commodity swaps are used to hedge the risk of changes in the price of certain purchases used in the subsidiaries' operating activities, particularly energy (fuel oil, natural gas and electricity) purchases.

Other risks

Equity derivatives

Equity derivatives are used to hedge the risk of changes in the Saint-Gobain share price in connection with the performance units-based long-term incentive plan.

Credit value adjustments to derivative instruments

Credit value adjustments to derivative instruments are calculated in accordance with IFRS 13 based on historical probabilities of default derived from calculations performed by a leading rating agency and on the estimated loss given default. At December 31, 2013, credit value adjustments were not material.

Impact on equity of financial instruments qualifying for hedge accounting

At December 31, 2013, the cash flow hedging reserve carried in equity in accordance with IFRS had a credit balance of €7 million, mainly breaking down as follows:

- €25 million debit balance corresponding to the interest rate component of cross-currency swaps designated as cash flow hedges that are used to convert a bond issue into euros;
- €23 million credit balance corresponding to fair value adjustments to currency instruments qualified as cash flow hedges;
- €4 million credit balance corresponding to fair value adjustments to interest rate instruments qualified as cash flow hedges;
- €3 million credit balance corresponding to fair value adjustments to equity-based instruments qualified as cash flow hedges.
- €2 million credit balance corresponding to fair value adjustments to other instruments qualified as cash flow hedges to be reclassified to income when the hedged items affect income.

The ineffective portion of gains and losses on cash flow hedges is not material.

Impact on income of financial instruments not qualifying for hedge accounting

The fair value of derivatives classified as financial assets and liabilities at fair value through profit or loss represented a €5 million loss at December 31, 2013 (December 31, 2012: €6 million profit).

Embedded derivatives

Saint-Gobain regularly analyzes its contracts in order to separately identify financial instruments classified as embedded derivatives under IFRS.

At December 31, 2013, no embedded derivatives deemed to be material at Group level were identified.

Group debt structure

The weighted average interest rate on total debt under IFRS, after hedging (using currency swaps, cross-currency swaps and interest rate swaps) was 4.4% at December 31, 2013 (December 31, 2012: 4.7%).

The average internal rate of return for the main component of long-term debt before hedging (bonds and medium-term notes) was 4.89% at December 31, 2013 (December 31, 2012: 5.17%).

The table below presents the breakdown by interest rate (fixed or variable) of the Group's gross debt at December 31, 2013, after giving effect to interest rate swaps, cross-currency swaps and currency swaps.

	Gross debt after hedging		
(in EUR millions)	Variable rate	Fixed rate	Total
EUR	910	8,802	9,712
Other currencies	984	971	1,955
TOTAL	**1,894**	**9,773**	**11,667**
	16%	84%	100%
Fair value of related derivatives			33
Accrued interest			212
TOTAL GROSS DEBT			**11,912**

NOTE 23 Financial assets and liabilities

Financial assets and liabilities are classified as follows in accordance with IFRS 7:

At December 31, 2013

Balance sheet headings and classes of instrument *(in EUR millions)*	Notes	Financial instruments at fair value: Financial instruments through profit or loss	Financial instruments at fair value: Derivatives designated as hedges	Financial instruments at fair value: Assets and liabilities measured at fair value (fair value option)	Total financial instruments measured at fair value	Other financial instruments: Available-for-sale financial assets	Other financial instruments: Loans and receivables	Other financial instruments: Liabilities at amortized cost	Total financial instruments	Financial instrument at fair value hierarchy under IFRS 7: Level 1: quoted prices and cash	Financial instrument at fair value hierarchy under IFRS 7: Level 2: internal model using observable factors	Financial instrument at fair value hierarchy under IFRS 7: Level 3: internal model using non observable factors	Total financial instruments measured at fair value
Trade and other accounts receivable	(11)				0		6,199		**6,199**				0
Loans and deposits	(9)				0		272		**272**				0
Available for sale and other securities	(9)				0	58			**58**				0
Derivatives recorded in assets	(21) (22)	3	11		**14**				**14**		14		**14**
Cash and cash equivalents	(21)			4,391	**4,391**				**4,391**	4,391			**4,391**
Total assets		**3**	**11**	**4,391**	**4,405**	**58**	**6,471**	**0**	**10,934**	**4,391**	**14**	**0**	**4,405**
Trade and other accounts payable	(19)				0			(9,239)	**(9,239)**				0
Long and short-term debt	(21)				0			(11,879)	**(11,879)**				0
Derivatives recorded in liabilities	(21) (22)	(8)	(39)		**(47)**				**(47)**		(47)		**(47)**
Total liabilities		**(8)**	**(39)**	**0**	**(47)**	**0**	**0**	**(21,118)**	**(21,165)**	**0**	**(47)**	**0**	**(47)**
TOTAL		**(5)**	**(28)**	**4,391**	**4,358**	**58**	**6,471**	**(21,118)**	**(10,231)**	**4,391**	**(33)**	**0**	**4,358**

At december 31, 2012

Trade and other accounts receivable	(11)				0		6,442		**6,442**				0
Loans and deposits	(9)				0		261		**261**				0
Available for sale and other securities	(9)				0	41			**41**				0
Derivatives recorded in assets	(21) (22)	3			**3**				**3**		3		**3**
Cash and cash equivalents	(21)			4,179	**4,179**				**4,179**	4,179			**4,179**
Total assets		**3**	**0**	**4,179**	**4,182**	**41**	**6,703**	**0**	**10,926**	**4,179**	**3**	**0**	**4,182**
Trade and other accounts payable	(19)				0			(9,551)	**(9,551)**				0
Long and short-term debt	(21)			(155)	**(155)**			(12,493)	**(12,648)**		(155)		**(155)**
Derivatives recorded in liabilities	(21) (22)	(2)	(22)		**(24)**				**(24)**		(24)		**(24)**
Total liabilities		**(2)**	**(22)**	**(155)**	**(179)**	**0**	**0**	**(22,044)**	**(22,223)**	**0**	**(179)**	**0**	**(179)**
TOTAL		**1**	**(22)**	**4,024**	**4,003**	**41**	**6,703**	**(22,044)**	**(11,297)**	**4,179**	**(176)**	**0**	**4,003**

NOTE 24 Business income by expense type

(in EUR millions)	2013	2012 restated
Net sales	**42,025**	**43,198**
Personnel costs		
- Salaries and payroll taxes	(8,218)	(8,431)
- Share-based payments [(a)]	(19)	(14)
- Pensions [(b)]	(129)	(23)
Depreciation and amortization	(1,425)	(1,550)
Other [(c)]	(29,470)	(30,317)
Operating income	**2,764**	**2,863**
Other business income [(d)]	186	116
Negative goodwill recognized in income	0	0
Other business income	**186**	**116**
Restructuring costs [(e)]	(308)	(285)
Provisions and expenses relating to claims and litigation [(f)]	(145)	(152)
Impairment of assets and other business expenses [(g)]	(568)	(505)
Other	(38)	(71)
Other business expense	**(1,059)**	**(1,013)**
Business income	**1,891**	**1,966**

(a) Details of share-based payments (IFRS 2 expense) are provided in Notes 13, 14 and 15.

(b) Changes in pension costs are presented in Note 16 "Provisions for pensions and other employee benefits".

(c) This item corresponds to Building Distribution Sector cost of sales, supplier discounts and selling expenses, and to transport costs, raw materials costs, and other production costs for the other Sectors. This item also includes net foreign exchange gains and losses, representing a net gain of €12 million in 2013 (2012: net gain of €13 million). In 2013, research and development costs recorded under operating expenses amounted to €418 million (2012: €451 million).

(d) This item includes capital gains on disposals of property, plant and equipment and intangible assets.

(e) Restructuring costs in 2013 mainly consisted of employee termination benefits in an amount of €187 million (2012: €180 million).

(f) In the periods presented, provisions and expenses relating to claims and litigation corresponded for the most part to asbestos-related litigation and the provision for the competition litigation discussed in Notes 18 and 29.

(g) Impairment losses on assets in 2013 included €216 million on goodwill (2012: €67 million) and €256 million on property, plant and equipment and intangible assets (2012: €371 million). In addition, €4 million in impairment losses on financial assets and current assets were recorded (2012: €2 million in impairment losses reversed). The caption "Other" includes capital losses on disposals of assets and scrapping for €87 million (2012: €56 million) and acquisition costs incurred in connection with business combinations for €5 million (2012: €13 million).

NOTE 25 Net financial expense

Breakdown of other financial income and expense

(in EUR millions)	2013	2012 restated
Interest cost - pension and other post-employment benefit obligations	(403)	(446)
Expected return on plan assets	277	315
Interest cost - pension and other post-employment benefit obligations - net	**(126)**	**(131)**
Other financial expense	(127)	(121)
Other financial income	17	27
Other financial income and expense	**(236)**	**(225)**

Recognition of financial instruments

Net financial expense amounted to €795 million in 2013 (2012: €812 million). Of this amount, €522 million (2012: €484 million) relates to instruments carried at amortized cost by Compagnie de Saint-Gobain and Saint-Gobain Nederland. Instruments measured at fair value by these two entities resulted in a positive impact of €4 million (2012: €2 million positive impact).

NOTE 26 EBITDA – recurring net income – cash flow from operations

EBITDA

EBITDA amounted to €4,189 million in 2013 (2012: €4,413 million), calculated as follows:

(in EUR millions)	2013	2012 restated
Operating income	2,764	2,863
Depreciation and amortization	1,425	1,550
EBITDA	**4,189**	**4,413**

Recurring net income

Recurring net income totaled €1,027 million in 2013 (2012: €1,053 million). Based on the weighted average number of shares outstanding at December 31 (538,912,431 shares in 2013 and 526,399,944 shares in 2012), recurring earnings per share amounted to €1.91 in 2013 and €2 in 2012.

The difference between net income and recurring net income (attributable to equity holders of the parent) corresponds to the following items:

(in EUR millions)	2013	2012 restated
Net income attributable to equity holders of the parent	**595**	**693**
Less:		
Gains on disposals of assets	99	60
Impairment of assets and acquisition costs incurred in connexion with business combinations	(480)	(449)
Provision for competition litigation and other non-recurring provision charges	(77)	(96)
Impact of minority interests	0	2
Tax impact	26	123
Recurring net income attributable to equity holders of the parent	**1,027**	**1,053**

Cash flow from operations

Cash flow from operations for 2013 amounted to €2,537 million (2012: €2,718 million). Excluding tax on capital gains and non-recurring provision charges, cash flow from operations came to €2,511 million in 2013 (2012: €2,595 million).

These amounts are calculated as follows:

(in EUR millions)	2013	2012 restated
Net income attributable to equity holders of the parent	**595**	**693**
Minority interests in net income	36	30
Share in net income of associates, net of dividends received	(3)	(6)
Depreciation, amortization and impairment of assets	1,897	1,988
Gains and losses on disposals of assets	(99)	(60)
Non-recurring charges to provisions	77	96
Unrealized gains and losses arising from changes in fair value and share-based payments	34	(23)
Cash flow from operations	**2,537**	**2,718**
Tax on capital gains and losses and non-recurring charges to provisions	(26)	(123)
Cash flow from operations before tax on capital gains and losses and non-recurring charges to provisions	**2,511**	**2,595**

NOTE 27 Earnings per share

The calculation of earnings per share is shown below.

	Net income attributable to equity holders of the parent *(in EUR millions)*	Number of shares	Earnings per share *(in EUR)*
2013			
Weighted average number of shares outstanding	595	538,912,431	1.10
Weighted average number of shares assuming full dilution	595	541,981,225	1.10
2012 restated			
Weighted average number of shares outstanding	693	526,399,944	1.32
Weighted average number of shares assuming full dilution	693	528,692,847	1.31

The weighted average number of shares outstanding is calculated by deducting treasury stock (3,759,173 shares at December 31, 2013) from the average number of shares outstanding during the year.

The weighted average number of shares assuming full dilution is calculated based on the weighted average number of shares outstanding, assuming conversion of all dilutive instruments. The Group's dilutive instruments include stock options and performance share grants corresponding to a weighted average of 737,508 and 2,331,286 shares respectively in 2013.

NOTE 28 Commitments

Commitments related to shares in subsidiaries and associates

Puts granted to minority shareholders are carried in the balance sheet under investment-related liabilities. They are reviewed on a periodic basis and any subsequent changes in their fair value are recognized by adjusting equity.

Financing-related commitments

The Group's commitments related to debt and financial instruments are discussed in Notes 21 and 22, respectively.

Commitments related to operating activities

Obligations under finance leases

Non-current assets acquired under finance leases are recognized as an asset and a liability in the consolidated balance sheet.

At December 31, 2013, €26 million of future minimum lease payments due under finance leases concerned land and buildings. Total assets under finance leases recognized in consolidated assets amounted to €77 million at December 31, 2013 (December 31, 2012: €109 million).

(in EUR millions)	December 31, 2013	December 31, 2012
Future minimum lease payments		
Due within 1 year	19	21
Due in 1 to 5 years	42	43
Due beyond 5 years	14	10
Total	**75**	**74**
Less finance charge	(12)	(9)
Present value of future minimum lease payments	**63**	**65**

Obligations under operating leases

The Group leases equipment, vehicles and office, manufacturing and warehouse space under various non-cancelable operating leases. Lease terms generally range from one to nine years. The commitment corresponding to total future minimum payments over the lease term is discounted. The leases contain rollover options for varying periods of time and some include clauses covering the payment of real estate taxes and insurance. In most cases, management expects that these leases will be rolled over or replaced by other leases in the normal course of business.

Net rental expense was €841 million in 2013, corresponding to rental expense of €860 million – of which €561 million for property leases – less €19 million in revenue from subleases.

Future minimum payments due under non-cancelable operating leases are as follows:

(in EUR millions)	Total 2013	Payments due: Within 1 year	Payments due: in 1 to 5 years	Payments due: Beyond 5 years	Total 2012
Operating leases					
Rental expense	3,068	744	1,538	786	3,022
Subletting revenue	(60)	(17)	(27)	(16)	(56)
TOTAL	**3,008**	**727**	**1,511**	**770**	**2,966**

Non-cancelable purchase commitments

Non-cancelable purchase commitments include commitments to purchase raw materials and services and firm orders for property, plant and equipment.

(in EUR millions)	Total 2013	Within 1 year	Payments due in 1 to 5 years	Beyond 5 years	Total 2012
Non-cancelable purchase commitments					
Non-current assets	58	43	15	0	128
Raw materials and energy	1,183	376	618	189	1,096
Services	312	100	192	20	218
Investments and other	40	31	9	0	57
TOTAL	**1,593**	**550**	**834**	**209**	**1,499**

The €94 million increase in non-cancelable purchase commitments in 2013 mainly concerned purchases of energy and services.

Guarantee commitments

In some cases, the Group grants seller's warranties to the buyers of divested businesses. A provision is set aside whenever a risk is identified and the related cost can be estimated reliably.

The Group also receives guarantees, amounting to €118 million at December 31, 2013 (December 31, 2012: €110 million).

Commercial commitments

(in EUR millions)	Total 2013	Within 1 year	Payments due in 1 to 5 years	Beyond 5 years	Total 2012
Commercial commitments					
Security for borrowings	49	13	22	14	45
Other commitments given	166	43	61	62	163
TOTAL	**215**	**56**	**83**	**76**	**208**

At December 31, 2013, pledged assets amounted to €618 million (December 31, 2012: €708 million). The year-on-year net decline mainly reflected a decrease in pledges of fixed assets in India and an increase in pledges of financial assets in the United Kingdom.

Guarantees given to the Group in respect of receivables amounted to €122 million at December 31, 2013 (December 31, 2012: €136 million).

Other commitments

Greenhouse gas emissions allowances granted to Group companies under the 2008-2012 plan represent approximately 6.9 million metric tons of CO_2 emissions per year. The 2013 and 2012 allowances are above the greenhouse gas emissions for those years and, consequently, no provision has been recorded in this respect in the Group accounts.

NOTE 29 Litigation

Asbestos-related litigation in France

Inexcusable fault lawsuits

In France, further individual lawsuits were filed in 2013 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM ("the employers") – which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases, with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect. A total of 767 such lawsuits have been issued against the two companies since 1997.

At December 31, 2013, 704 of these 767 lawsuits had been completed in terms of both liability and quantum. In all of these cases, the employers were held liable on the grounds of "inexcusable fault".

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled approximately €1.4 million.

Concerning the 63 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2013, the merits of eight have been decided but the compensation awards have not yet been made, pending issue of medical reports or Appeal Court rulings. A further 31 of these 63 lawsuits have been completed in terms of both liability and quantum, but liability for the payment of compensation has not yet been assigned.

Out of the 24 remaining lawsuits, at December 31, 2013 the procedures relating to the merits of 20 cases were at different stages, with two in the process of being investigated by the French Social Security authorities and 18 pending before the Social Security courts. The final four suits have been struck out. The plaintiffs can ask for them to be re-activated at any time within a two-year period.

In addition, as of December 31, 2013, 198 similar suits had been filed since the outset by current or former employees of fourteen other French companies in the Group (excluding Saint-Gobain Desjonquères and Saint-Gobain Vetrotex, which have been sold), in particular involving circumstances where equipment containing asbestos had been used to protect against heat from furnaces.

As of December 31, 2013, 135 lawsuits had been completed. In 62 of these cases, the employer was held liable for inexcusable fault. Compensation paid by the companies totaled approximately €0.9 million.

For the 63 suits outstanding at December 31, 2013, arguments were being prepared by the French Social Security authorities in four cases, 49 were being investigated – including 34 pending before the Social Security courts and 15 before the Courts of Appeal – and seven had been completed in terms of liability but not in terms of quantum or liability for paying the compensation, of which six pending before the Courts of Appeal and one before the Court of Cassation. The final three suits have been struck out. The plaintiffs can ask for them to be re-activated at any time within a two-year period.

Anxiety claims

Nine of the Group's French subsidiaries, including five that operate or have operated facilities in France classified as presenting an asbestos hazard, are the subject of damages claims that are different from those described above.

"Facilities classified as presenting an asbestos hazard" are defined as manufacturing facilities that have been closed or are still operating which previously manufactured materials containing asbestos or used asbestos protection and insulation equipment and are included on the official list of facilities whose current or former employees are entitled to the asbestos workers benefit (ACAATA).

At December 31, 2013, a total of 765 suits had been brought by current or former employees claiming compensation for various damages suffered as a result of their alleged exposure to asbestos. None of these plaintiffs were suffering from an asbestos-related disease and some of them were not receiving the ACAATA benefit. Of these 765 suits, 51 have been terminated. Three plaintiffs had their claims dismissed, while 48 others were recognized as having been exposed to an asbestos risk, and their claims were accepted, leading to payment of total compensation of €0.6 million. Of the remaining 714 suits, 78 are pending before the competent Courts of Appeal – including one where the appellant is the plaintiff and 77 where the appellants are the companies concerned – and 635 before the competent labor tribunals. These 635 suits are at different stages in the procedure. One has been struck out by the labor tribunal's conciliation board, with the plaintiff entitled to ask for it to be re-activated at any time within a two-year period.

Asbestos-related litigation in the United States

In the United States, several companies that once manufactured products containing asbestos such as asbestos-cement pipes, roofing products, specialized insulation or gaskets, are facing legal action from persons other than their employees or former employees. These claims for compensatory – and in many cases punitive – damages are based on alleged exposure to the products, although in many instances the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The vast majority of these claims are made simultaneously against many other non-Group entities which have been manufacturers, distributors, installers or users of products containing asbestos.

Developments in 2013

About 4,500 new claims were filed against CertainTeed in 2013, compared to about 4,000 in 2012 and 2011, 5,000 in 2010, and 4,000 in 2009. Over the last five years the number of new claims has remained relatively stable.

Almost all of the claims against CertainTeed are settled out of court or dismissed. Approximately 4,500 of the pending claims were resolved in 2013, compared to 9,000 in 2012, 8,000 in 2011, 13,000 in 2010, and 8,000 in 2009. Taking into account the 43,000 outstanding claims at the end of 2012 and the new claims having arisen during the year, as well as claims settled, some 43,000 claims were outstanding at December 31, 2013. A large number of these pending claims were filed more than five years ago by individuals without any significant asbestos-related impairment, and it is likely that many of these claims ultimately will be dismissed.

Impact on the Group's accounts

The Group recorded a €90 million charge in 2013 to cover future developments in relation to claims. This amount is identical to the amount recorded in 2012 and 2011, lower than the €97 million recorded in 2010, and higher than the €75 million recorded in 2009. At December 31, 2013, the Group reserve for asbestos-related claims against CertainTeed in the United States amount to €407 million (USD 561 million), compared with €417 million (USD €550 million) at December 2012, €389 million (USD 504 million) at December 31,2011, €375 million, (USD 501 million) at December 31, 2010, and €347 million, (USD 500 million) at December 31, 2009.

Cash flow impact

Compensation paid in respect of these claims against CertainTeed, including claims settled prior to 2013 but only paid out in 2013, and those fully resolved and paid in 2013, and compensation paid (net of insurance) in 2013 by other Group businesses in connection with asbestos-related litigation, amounted to €66 million (USD 88 million), compared to €52 million (USD 67 million) in 2012, €59 million (USD 82 million) in 2011, €78 million (USD 103 million) in 2010, and €55 million (USD 77 million) in 2009.

In Brazil, former Group employees suffering from asbestos-related occupational illness are offered either exclusively financial compensation or lifetime medical assistance combined with financial compensation. Only a small number of asbestos-related lawsuits brought by former employees (or persons claiming through them) were outstanding at December 31, 2013, and they do not currently represent a material risk for the companies concerned.

Ruling by the European Commission following the investigation into the automotive glass industries

In the November 12, 2008 decision concerning its investigation into automotive glass manufacturers, the European Commission held that actions carried out between 1998 and 2003 by Saint-Gobain Glass France, Saint-Gobain Sekurit France and Saint-Gobain Sekurit Deutschland GmbH had violated Article 81 of the Treaty of Rome and fined them €896 million. Compagnie de Saint-Gobain was held jointly and severally liable for the payment of this amount.

The companies concerned believe the fine is excessive and disproportionate, and have appealed the decision before the General Court of the European Union.

The European Commission has granted them a stay of payment until the appeal has been heard, in exchange for a bond covering the €896 million fine and the related interest, calculated at the rate of 5.25% from March 9, 2009. The necessary steps were taken to set up this bond within the required timeframe.

The appeal was heard by the General Court of the European Union in Luxembourg on December 11, 2012. The Court was expected to hand down its ruling within six to twelve months, but had still not done so as of February 1, 2014. The ruling is now expected during 2014.

In a decision dated February 28, 2013, the European Commission reduced by €16 million the fine announced in November 2008, to correct a mistake that it had made in calculating the sales on which the fine was based. The reduced fine imposed by the Commission amounts to €880 million.

The provision set aside to cover the fine, the late interest, the cost of the above bond and the related legal costs amounted to €1,119 million at December 31, 2013.

NOTE 30 Related-party transactions

Balances and transactions with associates

(in EUR millions)	2013	2012
Assets		
Financial receivables	3	1
Inventories	0	0
Short-term receivables	5	3
Cash and cash equivalents	0	0
Provisions for impairment in value	0	0
Liabilities		
Short-term debt	1	2
Cash advances	0	0
Expenses		
Purchases	3	5
Income		
Sales	30	35

Revenue from transactions with proportionately consolidated companies

Transactions with proportionately consolidated companies are treated as transactions with external parties and the Group's share of revenue arising from such transactions is not eliminated on consolidation. In 2013, these revenues amounted to 26 million (2012: €23 million).

Transactions with key shareholders

Some Group subsidiaries, particularly in the Building Distribution Sector, carry out transactions with subsidiaries of the Wendel group. All of these transactions are on an arm's length basis.

NOTE 31 Joint ventures

The amounts recorded in the balance sheet and income statement corresponding to the Group's interest in its proportionately consolidated companies are as follows:

(in EUR millions)	2013	2012
Assets		
Non-current assets	278	277
Current assets	132	134
Liabilities		
Non-current liabilities	1	1
Current liabilities	86	90
Expenses		
Operating expenses	260	258
Income		
Sales	290	293

NOTE 32 Management compensation

Direct and indirect compensation and benefits paid to members of the Board of Directors and the Group's senior management were as follows in 2013 and 2012:

(in EUR millions)	2013	2012
Attendance fees	0.8	0.8
Direct and indirect compensation (gross):		
- fixed portion	9.0	8.0
- variable portion	4.0	4.6
Estimated compensation cost - pensions and other employee benefits (IAS 19)	2.0	2.2
IFRS 2 expense - Share-based Payment*	3.6	1.3
Termination benefits	0.9	0.0
TOTAL	**20.3**	**16.9**

** Including, in 2012, the impact of adjusting costs recorded in prior years due to performance targets being only partly met.*

Direct and indirect compensation and benefits paid in 2013 to members of the Board of Directors and the Group's senior management by the French and foreign companies in the Group amounted to €13.9 million (2012: €12.6 million), including €4.0 million (2012: €4.6 million) in variable compensation and €0.9 million in termination benefits (2012: €0 million).

Pensions and other post-employment benefits (defined benefit obligations in respect of retirement bonuses and pensions) accruing to the Group's directors and officers totaled €47.2 million at December 31, 2013 (December 31, 2012: €41.8 million).

NOTE 33 Employees

(Average number of employees)	2013	2012
Fully consolidated companies		
Managers	26,940	26,719
Administrative employees	77,577	80,662
Other employees	81,487	85,448
Total	**186,004**	**192,829**
Proportionately consolidated companies*		
Managers	114	118
Administrative employees	537	531
Other employees	1,071	969
Sub-total	**1,722**	**1,618**
TOTAL	**187,726**	**194,447**

** Proportion of headcount allocated to the Group.*

At December 31, 2013, the total number of Group employees – including in proportionately consolidated companies – was 185,364 (December 31, 2012: 191,113).

NOTE 34 Segment information

Segment information by Sector and Activity

Segment information is presented as follows:

- Innovative Materials (IM) Sector
  - Flat glass;
  - High-Performance Materials (HPM).
- Construction Products (CP) Sector
  - Interior Solutions: Insulation and Gypsum;
  - Exterior Solutions: Industrial Mortars, Pipe and Exterior Fittings.
- Building Distribution Sector.
- Packaging Sector.

Management uses several different internal indicators to measure operational performance and to make resource allocation decisions. These indicators are based on the data used to prepare the consolidated financial statements and meet financial reporting requirements. Intragroup ("internal") sales are generally carried out on the same terms as sales to external customers and are eliminated in consolidation. The accounting policies used are the same as those applied for consolidated financial reporting purposes, as described in Note 1. The column "Other" corresponds solely to holding companies and certain corporate support functions (tax, cash management, purchasing, etc.)

2013	Innovative Materials				Construction Products				Building Distribution	Packaging	Other*	Total
(in EUR millions)	Flat Glass	High Performance Materials	Intra-segment eliminations	Total	Interior Solutions	Exterior Solutions	Intra-segment eliminations	Total				
External sales	4,957	3,987		8,944	5,331	5,347		10,678	18,769	3,616	18	42,025
Internal sales	39	99	(12)	126	574	331	(58)	847	4	0	(977)	0
Net sales	4,996	4,086	(12)	9,070	5,905	5,678	(58)	11,525	18,773	3,616	(959)	42,025
Operating income/(loss)	138	520		658	480	519		999	638	462	7	2,764
Business income/(loss)	(210)	459		249	439	473		912	329	422	(21)	1,891
Share in net income/(loss) of associates	0	0		0	7	0		7	1	2	1	11
Depreciation and amortization	316	155		471	313	175		488	261	175	30	1,425
Impairment of assets	141	26		167	15	75		90	210	5	0	472
Capital expenditure**	234	178		412	246	187		433	205	270	34	1,354
Cash flow from operations				580				722	420	436	379	2,537
EBITDA	454	675		1,129	793	694		1,487	899	637	37	4,189
Goodwill, net				1,535				5,684	3,135	59	0	10,413
Non-amortizable brands				0				847	1,919	0	0	2,766
Total segment assets and liabilities***				6,951				11,780	8,138	1,947	152	28,968

** "Other" corresponds to a) the elimination of intragroup transactions for internal sales and b) holding company transactions for the other captions.*

*** Capital expenditure does not include the cost of acquiring non-current assets under finance leases.*

**** Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deducting deferred taxes on brands and land.*

2012 restated (in EUR millions)	Flat Glass	Innovative Materials High Perfor-mance Materials	Intra-segment elimi-nations	Total	Interior Solutions	Construction Products Exterior Solutions	Intra-segment elimi-nations	Total	Building Distri-bution	Packaging	Other*	Total
External sales	5,079	4,264		9,343	5,260	5,558		10,818	19,229	3,792	16	43,198
Internal sales	51	112	(21)	142	587	357	(53)	891	4	0	(1,037)	0
Net sales	5,130	4,376	(21)	9,485	5,847	5,915	(53)	11,709	19,233	3,792	(1,021)	43,198
Operating income/(loss)	104	622		726	484	488		972	762	414	(11)	2,863
Business income/(loss)	(274)	535		261	408	384		792	614	387	(88)	1,966
Share in net income/(loss) of associates	0	1		1	7	0		7	1	2	1	12
Depreciation and amortization	333	167		500	321	186		507	274	243	26	1,550
Impairment of assets	301	25		326	44	9		53	53	6	0	438
Capital expenditure**	459	236		695	339	196		535	233	282	28	1,773
Cash flow from operations				730				638	555	489	306	2,718
EBITDA	437	789		1,226	805	674		1,479	1,036	657	15	4,413
Goodwill, net				1,597				5,844	3,435	60	0	10,936
Non-amortizable brands				0				856	1,950	0	0	2,806
Total segment assets and liabilities***				7,577				12,388	8,495	1,921	163	30,544

** "Other" corresponds to a) the elimination of intragroup transactions for internal sales and b) holding company transactions for the other captions.*

*** Capital expenditure does not include the cost of acquiring non-current assets under finance leases.*

**** Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deducting deferred taxes on brands and land.*

Information by geographic area

2013 (in EUR millions)	France	Other Western European countries	North America	Emerging countries and Asia	Internal sales	Total
Net sales	11,743	17,587	5,917	8,564	(1,786)	42,025
Capital expenditure*	252	373	245	484		1,354
Total segment assets and liabilities**	6,721	11,883	4,268	6,096		28,968

** Capital expenditure does not include the cost of acquiring non-current assets under finance leases.*

*** Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deducting deferred taxes on brands and land.*

2012 restated (in EUR millions)	France	Other Western European countries	North America	Emerging countries and Asia	Internal sales	Total
Net sales	12,044	18,014	6,179	8,709	(1,748)	43,198
Capital expenditure*	300	435	314	724		1,773
Total segment assets and liabilities**	6,993	12,453	4,419	6,679		30,544

** Capital expenditure does not include the cost of acquiring non-current assets under finance leases.*

*** Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deducting deferred taxes on brands and land.*

NOTE 35 Principal fully consolidated companies

The table below shows the Group's principal consolidated companies, typically those with annual sales of over €100 million.

Principal fully consolidated companies at December 31, 2013		% interest (held directly and indirectly)
INNOVATIVE MATERIALS SECTOR		
Flat glass		
Saint-Gobain Glass France	France	100.00%
Saint-Gobain Sekurit France	France	100.00%
Saint-Gobain Glass Logistics	France	100.00%
Saint-Gobain Sekurit Deutschland GmbH & Co. KG	Germany	99.99%
Saint-Gobain Glass Deutschland GmbH	Germany	99.99%
Saint-Gobain Deutsche Glas GmbH	Germany	99.99%
Saint-Gobain Glass Benelux	Belgium	99.97%
Saint-Gobain Sekurit Benelux SA	Belgium	99.99%
Saint-Gobain Autover Distribution SA	Belgium	99.99%
Cebrace Cristal Plano Ltda	Brazil	50.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
Hankuk Glass Industries Inc.	South Korea	80.47%
Hankuk Sekurit Limited	South Korea	90.13%
Saint-Gobain Cristalería S.L	Spain	99.83%
Saint-Gobain Glass India Ltd	India	98.71%
Saint-Gobain Glass Italia S.p.a	Italy	100.00%
Saint-Gobain Sekurit Italia	Italy	100.00%
Saint-Gobain Glass Mexico	Mexico	99.83%
Koninklijke Saint-Gobain Glass Nederland	Netherlands	100.00%
Saint-Gobain Glass Polska Sp Zoo	Poland	99.99%
Saint-Gobain Sekurit Hanglas Polska Sp Zoo	Poland	97.61%
Glassolutions Saint-Gobain Ltd (Solaglas)	United Kingdom	99.99%
Saint-Gobain Glass UK Limited	United Kingdom	99.99%
High performance materials		
Saint-Gobain Abrasifs	France	99.97%
Société Européenne des Produits Réfractaires	France	100.00%
Saint-Gobain Abrasives GmbH	Germany	100.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
Saint-Gobain Abrasives Canada. Inc.	Canada	100.00%
Saint-Gobain Abrasives. Inc.	United States	100.00%
Saint-Gobain Ceramics & Plastics. Inc.	United States	100.00%
Saint-Gobain Performance Plastics Corporation	United States	100.00%
Saint-Gobain Solar Gard. LLC	United States	100.00%
Saint-Gobain Abrasivi S.p.a	Italy	99.97%
SEPR Italia S.p.a	Italy	100.00%
Saint-Gobain Abrasives BV	Netherlands	100.00%
Saint-Gobain Abrasives Ltd	United Kingdom	99.99%
Saint-Gobain Adfors CZ S.R.O.	Czech Republic	100.00%

Principal fully consolidated companies at December 31, 2013		% interest (held directly and indirectly)
CONSTRUCTION PRODUCTS SECTOR		
Interior solutions		
Placoplatre SA	France	99.75%
Saint-Gobain Isover	France	100.00%
Saint-Gobain Rigips GmbH	Germany	100.00%
Saint-Gobain Isover G+H AG	Germany	99.91%
Saint-Gobain Construction Products Belgium	Belgium	100.00%
Saint-Gobain Construction Products South Africa Ltd	South Africa	100.00%
CertainTeed Gypsum Canada. Inc.	Canada	100.00%
Saint-Gobain Placo Iberica	Spain	99.83%
CertainTeed Corporation	United States	100.00%
CertainTeed Gypsum & Ceillings USA. Inc.	United States	100.00%
Gypsum Industries Ltd	Ireland	100.00%
Saint-Gobain PPC Italia S.p.a	Italy	100.00%
Mag-Isover K.K.	Japan	99.98%
BPB United Kingdom Ltd	United Kingdom	100.00%
BPB Plc	United Kingdom	100.00%
Saint-Gobain Construction Product Russia Insulation	Russia	100.00%
Saint-Gobain Isover AB	Sweden	100.00%
Saint-Gobain Ecophon AB	Sweden	100.00%
Thai Gypsum Products PLC	Thailand	99.69%
Izocam Ticaret VE Sanayi A.S.	Turkey	47.53%
Celotex Group Limited	United Kingdom	100.00%
Exterior solutions		
Saint-Gobain Weber	France	100.00%
Saint-Gobain PAM	France	100.00%
Saint-Gobain Weber GmbH	Germany	100.00%
Saint-Gobain PAM Deutschland GmbH	Germany	100.00%
Saint-Gobain Do Brasil Ltda	Brazil	100.00%
Saint-Gobain Canalizaçao Ltda	Brazil	100.00%
Saint-Gobain (Xuzhou) Pipe Co.. Ltd	China	100.00%
Saint-Gobain Pipelines Co.. Ltd	China	100.00%
Saint-Gobain Weber Cemarksa SA	Spain	99.83%
Saint-Gobain PAM España SA	Spain	99.83%
CertainTeed Corporation	United States	100.00%
Saint-Gobain PAM Italia S.p.a	Italy	100.00%
Saint-Gobain PAM UK Ltd	United Kingdom	99.99%
Saint-Gobain Byggprodukter AB	Sweden	100.00%
Saint-Gobain Weber AG	Sweden	100.00%

Principal fully consolidated companies at December 31, 2013		% interest (held directly and indirectly)
BUILDING DISTRIBUTION SECTOR		
Distribution Sanitaire Chauffage	France	100.00%
Lapeyre	France	100.00%
Point.P	France	100.00%
Saint-Gobain Building Distribution Deutschland GmbH	Germany	100.00%
Saint-Gobain Distribuiçao Brasil Ltda	Brazil	100.00%
Saint-Gobain Distribution Denmark	Denmark	100.00%
Saint-Gobain Distribucion Construcción. S.L	Spain	99.83%
Norandex Building Material Distribution. Inc.	United States	100.00%
Optimera As	Norway	100.00%
Saint-Gobain Distribution The Netherlands B.V	Netherlands	100.00%
Saint-Gobain Dystrybucja Budowlana Sp Zoo	Poland	99.99%
Saint-Gobain Building Distribution Ltd	United Kingdom	99.99%
Saint-Gobain Building Distribution CZ. Spol S.R.O.	Czech Republic	100.00%
Saint-Gobain Distribution Nordic Ab	Sweden	100.00%
Sanitas Troesch Ag	Switzerland	100.00%
PACKAGING SECTOR		
Saint-Gobain Emballage	France	100.00%
Saint-Gobain Oberland Aktiengesellschaft	Germany	96.67%
Saint-Gobain Vidros SA	Brazil	100.00%
Saint-Gobain Vicasa SA	Spain	99.75%
Saint-Gobain Containers. Inc.	United States	100.00%
Saint-Gobain Vetri S.p.a	Italy	99.99%

NOTE 36 Subsequent events

None.

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2013

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Compagnie de Saint-Gobain;
- the justification of our assessments;
- the specific verification required by law.

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

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the Note 4 of the consolidated financial statements which describes the impact of the adoption of IAS 19 revised – method for recognizing employee benefits - at January 1st 2013.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- **Measurement of property, plant and equipment and intangible assets**

The Group regularly carries out impairment tests on its property, plant and equipment, goodwill and other intangible assets, and also assesses whether there is any indication of impairment of property, plant and equipment and amortizable intangible assets, based on the methods described in Note 1 to the consolidated financial statements ("Impairment of property, plant and equipment, intangible assets and goodwill"). We examined the methods applied in implementing these tests and the estimates and assumptions used, and we verified that the information disclosed in Note 1 to the consolidated financial statements is appropriate.

- **Employee benefits**

The methods applied for assessing employee benefits are set out in Note 1 to the consolidated financial statements ("Employee benefits – defined benefit plans"). These benefit obligations were reviewed by independent actuaries. Our work consisted of assessing the data and assumptions used, examining, on a test basis, the calculations performed and verifying that the information disclosed in Notes 1 and 16 to the consolidated financial statements is appropriate.

- **Provisions**

As specified in Note 1 to the consolidated financial statements ("Other current and non-current liabilities and provisions"), the Group books provisions to cover risks. The nature of the provisions recorded under "Other current and non-current liabilities and provisions" are described in Note 18 to the consolidated financial statements. Based on the information available at the time of our audit, we ensured that the methods and data used to determine provisions, particularly relating to the European Commission's decision concerning the automotive glass industry, as well as the disclosures regarding said provisions provided in the notes to the consolidated financial statements, are appropriate.

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

III - Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, February 19, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit Department of KPMG S.A.	
Pierre Coll	Jean-Christophe Georghiou	Jean-Paul Thill	Philippe Grandclerc

FINANCIAL **STATEMENTS** OF COMPAGNIE DE SAINT-GOBAIN (PARENT COMPANY) 2013

INCOME STATEMENT

(in EUR thousands)		2013	2012
Operating revenue			
Royalties and license fees		96,701	98,756
Other services		80,244	76,919
Net revenue		**176,945**	**175,675**
Write-backs of depreciation, amortization, impairment and provisions		2,108	46,666
Expense transfers		2,333	1,840
Other operating income		626	556
	TOTAL I	**182,011**	**224,737**
Operating expenses			
Other purchases and external charges		(110,346)	(146,494)
Taxes other than on income		(6,576)	(6,023)
Wages and salaries		(43,522)	(42,248)
Payroll taxes		(15,679)	(24,756)
Depreciation, amortization, impairment and provisions		(14,396)	(44,809)
Other operating expenses		(2,297)	(2,267)
	TOTAL II	**(192,816)**	**(266,597)**
OPERATING LOSS (NOTE 2)		**(10,805)**	**(41,860)**
Share in profits/(losses) of joint ventures			
Profits	**TOTAL III**		
Losses	**TOTAL IV**		
Financial income			
Income from investments in subsidiaries and affiliates		598,743	565,822
Income from loans and other investments		595,403	642,346
Income from other non-current investment securities		12	11
Other interest income		28,531	26,529
Write-backs of impairment and provisions, expense transfers		31,100	66,913
Foreign exchange gains		4,763	45,210
Net income from sales of marketable securities		5,239	7,754
	TOTAL V	**1,263,791**	**1,354,585**
Financial expense			
Amortization, impairment and provisions		(67,603)	(54,574)
Interest expense		(543,711)	(556,666)
Foreign exchange losses		(16)	(41,023)
Net losses on sales of marketable securities			
	TOTAL VI	**(611,330)**	**(652,263)**
NET FINANCIAL INCOME (NOTE 3)		**652,461**	**702,322**
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS		**641,656**	**660,462**

(in EUR thousands)		2013	2012
Exceptional income			
On revenue transactions		1,223	2,221
On capital transactions		140,746	30,313
Write-backs of depreciation, amortization, impairment and provisions		12,126	4,986
	TOTAL VII	**154,095**	**37,520**
Exceptional expense			
On revenue transactions		(1,086)	(8,585)
On capital transactions		(55,578)	(40,091)
Depreciation, amortization, impairment and provisions		(24,976)	(23,236)
	TOTAL VIII	**(81,640)**	**(71,912)**
Net exceptional income/(expense) (Note 4)		**72,455**	**(34,392)**
INCOME TAXES (NOTE 5)	**TOTAL IX**	**201,647**	**135,663**
Total income		**1,599,897**	**1,616,842**
Total expenses		**(684,139)**	**(855,109)**
NET INCOME		**915,758**	**761,733**

BALANCE SHEET AT DECEMBER 31

ASSETS (in EUR thousands)		2013 Gross	2013 Depreciation, amortization and impairment	2013 Net	2012
NON-CURRENT ASSETS					
Intangible assets (Note 6)					
Goodwill [(1)]		567	(567)	–	–
Other intangible assets		46,007	(34,254)	11,753	13,234
Intangible assets in progress		1,130		1,130	1,529
Property and equipment (Note 7)					
Land		63		63	14,538
Buildings		1,430	(445)	985	13,119
Other		7,106	(4,594)	2,512	4,456
Assets under construction				0	2,562
Financial investments [(2)] (Note 8)					
Investments in subsidiaries and affiliates		12,808,154	(30,079)	12,778,075	12,807,523
Loans and advances to subsidiaries and affiliates		12,489,086		12,489,086	13,079,308
Other investment securities		175	(98)	77	44,675
Other loans		1,226,610		1,226,610	1,003,182
Other financial investments		480		480	588
	TOTAL I	**26,580,808**	**(70,037)**	**26,510,771**	**26,984,714**
CURRENT ASSETS (Note 9)					
Other receivables [(3)]		1,320,193		1,320,193	1,082,771
Marketable securities		2,971,106	(6,486)	2,964,620	2,616,048
Cash and cash equivalents		750,746		750,746	658,605
Accruals					
Prepayments [(3)]		4,615		4,615	3,928
	TOTAL II	**5,046,659**	**(6,486)**	**5,040,173**	**4,361,352**
Deferred charges	**TOTAL III**	**126,904**	**–**	**126,904**	**130,758**
Translation losses	**TOTAL IV**	**–**	**–**	**–**	**–**
TOTAL ASSETS		**31,754,371**	**(76,523)**	**31,677,848**	**31,476,824**
(1) Including leasehold rights				–	–
(2) Of which due within one year				3,222,354	4,203,707
(3) Of which due beyond one year				204	7

Shareholders' Equity and Liabilities *(in EUR thousands)*		2013	2012
SHAREHOLDERS' EQUITY (Note 10)			
Capital stock		2,220,707	2,124,503
Additional paid-in capital		6,043,187	5,486,575
Revaluation reserve		55,532	55,532
Other reserves:			
- Legal reserve [(a)]		222,071	212,450
- Untaxed reserves		2,617,758	2,617,758
- Other reserves		301,428	301,428
Unappropriated retained earnings		4,037,949	3,930,282
Net income for the year		915,758	761,733
Untaxed provisions (Note 12)		6,438	15,817
	TOTAL I	**16,420,827**	**15,506,078**
OTHER EQUITY (Note 11)			
Non-voting participating securities	**TOTAL I bis**	**170,035**	**170,035**
PROVISIONS (Note 12)			
Provisions for contingencies		102,461	90,759
Provisions for charges		110,908	91,317
	TOTAL II	**213,369**	**182,076**
LIABILITIES [(1)] (Note 13)			
Bonds		9,385,770	10,026,402
Bank borrowings [(2)]		8,417	176,872
Other borrowings		5,344,001	5,273,103
Tax and social charges payable		73,979	94,493
Other payables		59,180	40,716
Accruals			
Deferred income		2,269	7,049
	TOTAL III	**14,873,617**	**15,618,635**
Translation gains	**TOTAL IV**		
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**31,677,848**	**31,476,824**
(a) Of which long-term capital gains reserve		14,225	14,225
(1) Of which due beyond one year		8,520,502	9,119,081
Of which due within one year		6,353,115	6,499,554
(2) Of which short-term bank loans and overdrafts		8,417	21,091

STATEMENT OF CASH FLOWS

(in EUR thousands)	2013	2012
Net income	**915,758**	**761,733**
Depreciation and amortization	29,031	29,922
Changes in provisions	25,554	(25,868)
Gains and losses on disposals of assets, net	(86,377)	9,202
Net cash from operations	**883,966**	**774,989**
(Increase) decrease in other receivables	(237,422)	1,379,309
(Increase) decrease in deferred charges and prepaid expenses	(21,445)	(22,147)
Increase (decrease) in taxes and social charges payable	(20,513)	41,721
Increase (decrease) in other payables	13,683	(1,465)
Net change in working capital	**(265,697)**	**1,397,418**
Net cash from operating activities	**618,269**	**2,172,407**
Acquisitions of intangible assets	(616)	(2,523)
Acquisitions of property and equipment	(5,708)	(2,792)
Acquisitions of investments in subsidiaries and affiliates and other investment securities		(438,666)
Acquisitions of treasury stock		(196,569)
Proceeds from disposals of property and equipment and intangible assets	140,746	30,313
(Increase) decrease in loans and advances to subsidiaries and affiliates	590,222	(988,251)
(Increase) decrease in long-term loans	(223,428)	(473,158)
(Increase) decrease in other financial investments	108	(101)
Net cash from/(used in) investing activities	**501,324**	**(2,071,747)**
Issues of capital stock	662,437	126,567
Dividends paid	(654,065)	(646,300)
Increase (decrease) in provisions for contingencies and charges	1,195	4,945
Increase (decrease) in short- and long-term debt	(1,218,929)	1,342,705
Increase (decrease) in bank overdrafts and other short-term debt	480,740	566,344
Decrease (increase) in marketable securities	(298,830)	(1,537,725)
Increase (decrease) in translation adjustments		-
Net cash from/(used in) financing activities	**(1,027,452)**	**(143,464)**
Increase (decrease) in cash and cash equivalents	**92,141**	**(42,804)**
Cash and cash equivalents at beginning of year	658,605	701,409
Cash and cash equivalents at end of year	750,746	658,605
Analysis of cash and cash equivalents at December 31		
Cash at bank	750,746	658,605
Cash on hand	0	0
Total	750,746	658,605

NOTES
TO THE PARENT COMPANY FINANCIAL STATEMENTS

The financial statements cover the twelve-month period from January 1 to December 31, 2013.

The following notes form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on February 19, 2014.

NOTE 1 Accounting principles and methods

The financial statements of Compagnie de Saint-Gobain have been drawn up in accordance with the French Chart of Accounts, French law and accounting principles generally accepted in France.

They include the accounts of the Company's German branch.

Intangible assets

Purchased goodwill that is not legally protected is amortized over 25 years. Other intangible assets consist of computer software. They are measured at cost and amortized over a period of three, five or ten years.

Property and equipment

Property and equipment are stated at cost (purchase price plus incidental expenses), except for assets acquired prior to December 31, 1976 which have been revalued.

They are depreciated over their estimated useful lives using the straight-line or declining-balance method. The most commonly used useful lives are as follows:

Buildings	40 to 50 years	Straight-line
Improvements and additions	12 years	Straight-line
Fixtures and fittings	5 to 12 years	Straight-line
Office furniture	10 years	Straight-line
Office equipment	5 years	Straight-line
Vehicles	4 years	Straight-line
Computer equipment	3 years	Straight-line or declining-balance

Investments in subsidiaries and affiliates, other investment securities and other financial investments

On initial recognition, investments in subsidiaries and affiliates are stated at cost excluding any incidental expenses. They are subsequently measured at the lower of cost and fair value. Fair value is estimated at each balance sheet date based on the Company's equity in the underlying net assets and the proportion of consolidated net assets represented by the investment. Specific impairment tests may be performed on a case-by-case basis to determine the net present value of future cash flows, excluding interest expense but after tax, based on business plans or long-term budget projections.

When the fair value of the investments falls below their cost, a provision is set aside for impairment. No unrealized capital gain is recorded if fair value exceeds cost, and unrealized capital gains and losses are not offset.

Compagnie de Saint-Gobain shares held by the Company for allocation upon exercise of stock options are recorded in the balance sheet under "Other investment securities". They are carried at the lower of cost, market price or the option exercise price when it is probable that the options will be exercised.

Receivables

Receivables are stated at the lower of their nominal value and recoverable amount.

Marketable securities

Marketable securities mainly include units in money-market funds (SICAV and FCP) and are stated at the lower of cost and market.

This item also includes Compagnie de Saint-Gobain shares held by the Company that are not classified as "Other investment securities".

Marketable securities are valued using the first in-first out (FIFO) method.

Foreign currency transactions

Income and expenses in foreign currencies are recorded at the exchange rate prevailing on the transaction date. Receivables, payables and bank balances in foreign currencies are converted at the year-end exchange rate, along with the related hedging instruments, and the differences arising on translation are recorded in the balance sheet under "Translation gains" or "Translation losses". Provisions are booked for any translation losses that are not hedged.

Risk management/Financial instruments

Liquidity risk is managed with the main objective of ensuring that the Group's existing facilities are rolled over at maturity, while also optimizing annual borrowing costs. For this reason, long-term debt consistently represents a significant proportion of total debt, while repayment profiles are designed to ensure that new debt issues are spread over several years.

Currency, interest rate, and commodity (energy and raw materials) price risks resulting from the Group's international activities are hedged by Compagnie de Saint-Gobain, mainly on behalf of subsidiaries. In addition, on its own behalf and for its subsidiaries, Compagnie de Saint-Gobain hedges the risk of fluctuations in the Saint-Gobain share price that could impact the cost of performance unit plans.

Currency risks are hedged mainly by forward purchase and sale contracts and currency options. The hedged receivables and payables are recorded in the balance sheet at the hedging rate.

The portion of the gain or loss on currency options qualifying for hedge accounting that represents the extrinsic (time) value is taken to income, and the portion that represents the intrinsic value is recorded in the balance sheet. Unrealized losses on currency options that do not qualify for hedge accounting are recognized in the income statement, whereas unrealized gains are not recognized.

The Company uses mainly interest rate swaps and cross-currency swaps to hedge its exposure to fluctuations in interest rates.

Financial income and expenses on interest rate swaps and cross-currency swaps are recognized in the income statement on a symmetrical basis with the income and expenses on the hedged items.

The portion of the gain or loss on interest rate options qualifying for hedge accounting that represents the extrinsic (time) value is taken to income, and the portion that represents the intrinsic value is recorded in the balance sheet. Interest rate options that do not qualify for hedge accounting are recognized in the income statement at market value.

Subsidiaries' commodity price risks (energy and raw materials) are hedged by the Company, mainly by using swaps. Financial income and expenses on these swaps are recognized in the income statement on a symmetrical basis with the income and expenses on the hedged items.

The risk of fluctuations in the Saint-Gobain share price that could impact the cost of performance unit plans is hedged using cash-settled equity swaps that qualify for hedge accounting.

Tax consolidation agreements

Compagnie de Saint-Gobain was previously assessed for income tax on its worldwide taxable income as provided for under Article 209 *quinquies* of the French Tax Code. The last period covered by the agreement was 2004-2006. The Company chose not to renew the agreement for the accounting period starting January 1, 2007.

A provision is recorded in the Company's accounts for the taxes that may be payable in future periods following the return to profit of members of the tax group whose tax losses have been used by the Company. Movements in this provision are recorded under exceptional items.

Since January 1, 2007, the Company has applied the group relief regime provided for in Articles 223 A *et seq.* of the French Tax Code.

Under the group relief agreements between Compagnie de Saint-Gobain and the subsidiaries, the subsidiaries record in their accounts the income tax expense or benefit that would have been incurred or received if they had been taxed on a stand-alone basis. Subsidiaries with taxable income transfer to Compagnie de Saint-Gobain the amount that would have been paid to the tax administration. When a loss-making subsidiary leaves the tax group, Compagnie de Saint-Gobain is not required to make any cash payment to them to cover the tax benefits obtained by utilizing their tax losses.

NOTE 2 Operating income

The Company ended 2013 with an operating loss of €10.8 million versus an operating loss of €41.9 million in 2012. The €31.1 million improvement was mainly due to the decrease in actuarial gains and losses on pension and other post-employment benefit obligations compared with the prior year.

NOTE 3 Net financial income

Net financial income declined by €49.9 million to €652.5 million from €702.3 million the previous year, reflecting:

- a €34.5 million decline in income from loans and investments, net of interest expense;
- the €32.9 million increase in dividends received from subsidiaries and profit transferred to the Company from the German branch in 2013;
- a €20.9 million decrease in net reversals of provisions for impairment of Compagnie de Saint-Gobain shares held by the Company (€17.6 million in 2013 versus €38.4 million in 2012);
- a €29.4 million charge to provisions for impairment of shares in subsidiaries and affiliates.

NOTE 4 Exceptional income and expense

The Company reported net exceptional income of €72.5 million in 2013, primarily due to the gain on the sale of the Les Miroirs headquarters building. Exceptional expenses consisted mainly of charges to provisions for income taxes and performance share plan costs.

NOTE 5 Income taxes

The Company recorded a net income tax benefit of €201.6 million in 2013, corresponding primarily to:

- French group relief of €190 million (Compagnie de Saint-Gobain recorded a tax profit of €61.3 million on a stand-alone basis);
- a net tax benefit of €16.1 million for the German branch;
- income tax expense of €4.5 million paid in France.

The French tax group generated a tax profit in 2013. At December 31, 2013, unused tax loss carryforwards represented €323.14 million, as adjusted for tax reassessments and after deducting tax losses used during the year .

Compagnie de Saint-Gobain's German permanent establishment, which is the lead entity under the Organschaft group relief regime applied in Germany, reported a tax loss in 2013. At December 31, 2013, future tax savings corresponding to the branch's unused tax loss carryforwards amounted to €85.9 million.

Deferred tax assets for these future tax savings have been recorded in the consolidated financial statements, but not in the parent company financial statements.

NOTE 6 Intangible assets

	Intangible assets				Amortization				
(in EUR thousands)	Gross at January 1, 2013	Additions	Disposals	Gross at Dec. 31, 2013	Accumu-lated at January 1, 2013	Increases	Decreases	Accumu-lated at Dec. 31, 2013	Net at Dec. 31, 2013
Purchased goodwill	567	–	–	567	567	–	–	567	0
Other intangible assets	46,724	1,016	(1,733)	46,007	33,490	2,497	(1,733)	34,254	11,753
Intangible assets in progress	1,529	472	(871)	1,130	–	–	–	–	1,130
	48,820	**1,488**	**(2,604)**	**47,704**	**34,057**	**2,497**	**(1,733)**	**34,821**	**12,883**

NOTE 7 Property and equipment

	Property and equipment				Amortization				
(in EUR thousands)	Gross at January 1, 2013	Additions	Disposals	Gross at Dec. 31, 2013	Accumu-lated at January 1, 2013	Increases	Decreases	Accumu-lated at Dec. 31, 2013	Net at Dec. 31, 2013
Land	14,538		(14,475)	63	–	–	–	–	63
Buildings	17,232	2,401	(18,203)	1,430	4,113	967	(4,635)	445	985
Other	11,636	1,271	(5,801)	7,106	7,180	954	(3,540)	4,594	2,512
Assets under construction	2,562		(2,562)	0	–	–	–	–	0
Prepayments	0	–	–	0	–	–	–	–	0
	45,968	**3,672**	**(41,041)**	**8,599**	**11,293**	**1,921**	**(8,175)**	**5,039**	**3,560**

Disposals shown in the table above mainly correspond to property and equipment included in the sale of the Les Miroirs headquarters building.

NOTE 8 Financial investments

	Financial investments			
(in EUR thousands)	Gross at January 1, 2013	Additions	Disposals	Gross at December 31, 2013
Investments in subsidiaries and affiliates	12,808,154			12,808,154
Loans and advances to subsidiaries and affiliates	13,079,308	16,327,986	(16,918,208)	12,489,086
Other investment securities	54,003		(53,828)	175
Other loans	1,003,182	3,487,908	(3,264,480)	1,226,610
Other financial investments	588	229	(337)	480
	26,945,235	**19,816,123**	**(20,236,853)**	**26,524,505**

Changes in investments in subsidiaries and affiliates

In 2013, there were no changes in investments in subsidiaries and affiliates.

Analysis of loans, receivables and other financial investments by maturity

(in EUR thousands)	Gross	Due Within 1 year	Beyond 1 year
Loans and advances to subsidiaries and affiliates	12,489,086	1,995,744	10,493,342
Other loans	1,226,610	1,226,610	
Other	480	-	480
TOTAL	**13,716,176**	**3,222,354**	**10,493,822**

Changes in other investment securities

(in EUR thousands)	Additions	Disposals
Sales of Compagnie de Saint-Gobain shares	-	(19,427)
Compagnie de Saint-Gobain shares reclassified as marketable securities		(34,361)
Other sales of shares	-	(42)
TOTAL	**0**	**(53,830)**

Changes in Compagnie de Saint-Gobain shares classified as financial investments

	Number of shares held	Gross value (in EUR thousands)	Net value (in EUR thousands)
At December 31, 2011	**8,490,960**	**377,028**	**307,501**
Shares purchased in 2012 (1)	5,040,000	166,786	166,786
Shares sold in 2012	(744,007)	(39,515)	(15,833)
Shares canceled in 2012	(9,540,000)	(365,432)	(365,432)
Shares reclassified as marketable securities in 2012	(1,836,151)	(85,080)	(61,306)
Adjustments to provision for impairment in value	-	-	12,840
At December 31, 2012	**1,410,802**	**53,787**	**44,556**
Shares purchased in 2013			
Shares sold in 2013	(536,000)	(19,427)	(19,427)
Shares canceled in 2013			
Shares reclassified as marketable securities in 2013	(874,802)	(34,360)	(30,268)
Adjustments to provision for impairment in value	-	-	5,139
At December 31, 2013	**0**	**0**	**0**

(1) In 2012, the Company bought back directly on the market 5,940,000 shares with a par value of €4 each, for €196.6 million, of which €23.8 million corresponded to the aggregate par value of the shares. Of the total, 5,040,000 shares were classified as financial investments held for cancellation (included in the shares cancelled on May 31, 2012) and 900,000 were classified as marketable securities.

The number of shares sold under stock option plans totaled 744,007 in 2012 and zero in 2013. In 2013, shares were sold through off-market block trades.

At December 31, 2013, the Company held 3,116,495 of its own shares, of which:

- **4,000** shares in connection with a liquidity agreement (see Note 9 "Marketable securities");
- **3,112,495** shares for employee share-based payment plans (see Note 9 "Marketable securities").

NOTE 9 Current assets

Maturities of receivables reported under "Current assets"

(in EUR thousands)	Gross	Due	
		Within 1 year	Beyond 1 year
Other receivables	1,320,193	1,320,067	126
Prepayments	4,615	4,537	78
TOTAL	**1,324,808**	**1,324,604**	**204**
Provision for doubtful receivables	-	-	-

Analysis of "Other receivables"

(in EUR thousands)	2013	2012
Current account advances to subsidiaries	1,254,242	1,011,730
Accounts receivable – Group	34,480	43,875
Mark-to-market adjustments to swaps and options [(1)]	13,697	6,155
Income tax prepayments	8,062	12,872
Accruals for goods and services delivered but not yet invoiced	3,853	3,794
Dividends receivable	1,412	539
Accruals for income and credit notes receivable – Group	1,257	1,074
Prepaid and recoverable taxes	877	929
Prepayments to suppliers	268	183
Withholding tax	139	179
Other	1,906	1,441
TOTAL	**1,320,193**	**1,082 771**

(1) Mark-to-market adjustments to swaps and options that represent debit entries are recorded as assets under "Other receivables" and those representing credit entries are recorded as liabilities under "Other payables".

Marketable securities

Marketable securities amounted to €2,965 million at December 31, 2013.

The total included €2,844 million worth of units in money market funds, representing the investment of funds held by the cash pool managed by the Company on behalf of the Group and the carrying amount of 3,112,495 shares held for employee share-based payment plans.

On November 16, 2007, the Company entered into a liquidity agreement with Exane BNP Paribas. This agreement complies with the Code of Ethics adopted by the Association Française des Entreprises d'Investissement (AFEI), which is recognized by the Autorité des Marchés Financiers (AMF). It came into effect on December 3, 2007 for an initial period ending on December 31, 2007, since when it has been automatically renewable for successive one-year periods.

The assets held by the Company under the liquidity agreement are reported under "Marketable securities". At December 31, 2013, these assets comprised:

- €6.7 million worth of units in a euro-denominated money market fund, and
- 4,000 Compagnie de Saint-Gobain shares with a carrying value of €0.2 million.

During 2013, 1,686,656 shares were purchased under the contract (2012: 2,702,027 shares) and 1,695,156 shares were sold (2012: 3,096,476 shares).

Deferred charges

(in EUR thousands)	2013	2012
Bond issuance costs	108,323	115,829
Syndicated credit facility arrangement fees	18,581	14,925
Other debt issuance costs		4
Deferred charges	**126,904**	**130,758**

In 2013, new debt issuance costs recorded under "Deferred charges" totaled €27 million and amortization for the year amounted to €31 million.

The corresponding refinancing transactions are presented in Note 13.

NOTE 10 Shareholders' equity

10.1 Changes in capital stock

Par value at December 31, 2012: €4 Par value at December 31, 2013: €4	Number of shares	Amount *(EUR thousands)*
Capital stock at January 1, 2013	531,125,642	2,124,503
Shares issued upon exercise of stock options on March 30, 2013	26,228	105
Shares issued under the performance share plan on March 30, 2013	185,905	743
Shares issued under the Group Savings Plan on May 15, 2013	4,499,142	17,997
Shares issued upon exercise of stock options on June 30, 2013	52,686	211
Payment of stock dividends on July 5, 2013	16,866,171	67,465
Shares issued upon exercise of stock options on December 31, 2013	2,418,936	9,675
Shares issued under the performance share plan on December 31, 2013	2,080	8
Capital stock at December 31, 2013	**555,176,790**	**2,220,707**

At December 31, 2013, capital stock amounted to **€2,220,707** thousand, represented by **555,176,790 shares** of common stock with a par value of €4 each.

10.2 Statement of changes in shareholders' equity

(in EUR thousands)	Amount
Shareholders' equity at December 31, 2012 before appropriation of 2012 net income	**15,506,078**
Shares issued upon exercise of stock options on March 30, 2013	675
Shares issued under the Group Savings Plan on May 15, 2013	110,796
Payment in 2013 of the 2012 dividend	(654,065)
Shares issued upon exercise of stock options on June 30, 2013	1,363
Shares issued in payment of stock dividends on July 5, 2013	473,568
Shares issued upon exercise of stock options on December 31, 2013	76,034
Other changes – adjustments to the revaluation reserve and untaxed provisions	(9,380)
Net income for 2013	915,758
Shareholders' equity at December 31, 2013 before appropriation of 2013 net income	**16,420,827**

10.3 Main changes in shareholders' equity

The main changes in capital stock and shareholders' equity in 2013 were as follows:

- **185,905 new shares were issued in March and 2,080 in December** under the 2009 stock grant plant for all employees and the 2010 and 2011 management performance share plans (see Note 10.5). The shares were paid up by transferring €743 thousand and €8 thousand respectively from the additional paid-in capital account to the capital stock account.
- **4,499,142 new shares were issued in May 2013 under the Group Savings Plan at a price of €24.77.** The issue proceeds amounted to €111,444 thousand (€110,796 thousand net after deducting the issue costs, net of tax, from the premium).
- **Pursuant to the stock dividend option provided to shareholders in July,** a total of 16,866,171 new shares were issued at a price of €28.12. The issue proceeds amounted to €474,277 thousand (€473,568 thousand net after deducting the issue costs, net of tax, from the premium). The total amount of the cash dividend was €179,789 thousand.
- **In addition, 26,228 shares were issued in March and 52,686 in June at an average price of €25.88 and 2,418,936 shares were issued in December at an average price of €31.43** upon exercise of stock options granted under the 2003, 2004, 2008, 2009 and 2010 plans (see Note 10.4). The gross and net issue proceeds amounted to €78,072 thousand and were placed on record in the months concerned.

These various transactions had the effect of increasing **capital stock** by €96,204 thousand, **the legal reserve** by €9,620 thousand and **additional paid-in capital** by €556,612 thousand.

Changes in **unappropriated retained earnings** during the year were as follows (in EUR thousands):

■ At December 31, 2012 (before appropriation of 2012 net income):	3,930,282
Appropriation of net income (3rd resolution of the AGM of June 6, 2013):	
■ Net income for the year	761,732
■ Less: final dividend taking into account the actual number of own shares held	−654,065
■ At December 31, 2013 (before appropriation of 2013 net income):	4,037,949

10.4 Stock option plans

Compagnie de Saint-Gobain has stock option plans available to certain employees.

The options are exercisable for Saint-Gobain shares at a price based on the average share price for the 20 trading days preceding the grant date. Since 1999, no discounts on the average price have been granted under these plans.

Since the November 2007 plan, all stock options are subject to a four-year vesting period. Under earlier plans, the vesting period was three years for non-residents and four years for residents. Options must be exercised within ten years of the date of grant. All rights to options are forfeited if the holder leaves the Group, unless expressly agreed otherwise by both the Chairman and Chief Executive Officer of Compagnie de Saint-Gobain and the Appointments, Compensation and Governance Committee of the Board of Directors.

All options granted between 1999 and 2002 were exercisable for existing shares, while those granted between 2003 and 2007 and in 2012 were exercisable for new shares. For plans set up between 2008 and 2011, and in 2013, the Board of Directors decided that the origin of the shares (new shares or treasury stock) would be determined at the latest on the day preceding the start of the exercise period. If any options were to be exercised before the Board of Directors made its decision, the grantees would receive new shares. The Board of Directors decided that options issued under the 2008 and 2009 plans would be exercisable for new shares.

Until 2008, options were subject to a performance condition for certain grantees only. Since 2009, all options are subject to a performance condition without exception.

For options granted under the 2013 plan, the value used to calculate the 30% *contribution sociale* tax due by grantees employed by French companies in the Group is €5.97 per option.

The following table presents changes in the number of outstanding options:

	€4 par value shares	Average exercise price *(in EUR)*
Options outstanding at December 31, 2011	**25,799,443**	**41.54**
Options granted	253,000	27.71
Options exercised	(815,091)	21.68
Options forfeited	(855,949)	30.13
Options outstanding at December 31, 2012	**24,381,403**	**42.46**
Options granted	247,250	38.80
Options exercised	(2,497,850)	31.26
Options forfeited*	(667,106)	32.26
Options outstanding at December 31, 2013	**21,463,697**	**44.05**

(*) Options granted under the 2003 plan that had not been exercised when the plan expired on November 19, 2013.

The following table presents information about stock options outstanding at December 31, 2013, after taking into account the fact that the performance targets for certain plans were only partly met.

Grant date	Exercisable options			Options not yet exercisable		Total options outstanding	Type of options
	Exercise price *(in EUR)*	Number of options	Weighted average contractual life *(in months)*	Exercise price *(in EUR)*	Number of options	Number of options	
2004	39.39	3,947,594	11	-	-	3,947,594	Subscription
2005	41.34	4,051,181	23	-	-	4,051,181	Subscription
2006	52.52	4,306,454	35	-	-	4,306,454	Subscription
2007	64.72	3,403,171	47	-	-	3,403,171	Subscription
2008	25.88	2,664,966	59	-	-	2,664,966	Subscription
2009	36.34	963,541	71	-	-	963,541	Subscription
2010		-	83	35.19	1,144,390	1,144,390	see 10.4 above
2011		-	95	31.22	482,150	482,150	see 10.4 above
2012		-	107	27.71	253,000	253,000	Subscription
2013		-	119	38.80	247,250	247,250	see 10.4 above
TOTAL	**-**	**19,336,907**	**-**	**-**	**2,126,790**	**21,463,697**	**-**

At December 31, 2013, 19,336,907 stock options were exercisable (at an average price of €45.17) and 2,126,790 options (with an average exercise price €33.82) had not yet vested.

10.5 Performance share plans

Various performance share plans have been set up by Saint-Gobain since 2009. These plans are all subject to performance conditions.

As of December 31, 2013, six performance share plans were outstanding:

- **a worldwide plan authorized by Saint-Gobain's Board of Directors on November 19, 2009** whereby eligible employees and officers of the Group in France and abroad were each awarded seven performance shares. The shares are subject to a performance condition, which has been met, and are forfeited if the grantee leaves the Group before the end of the vesting period.

  In all, the plan concerns **1,359,960** performance shares, as follows:
  – for eligible Group employees in France, Spain and Italy, the vesting period ended on March 29, 2012 and the shares were delivered on March 30, 2012 (393,610 shares delivered of which 42 shares delivered early, in 2011; 36,540 rights forfeited due to the grantees leaving the Group before the end of the vesting period). The vesting period has been followed by a two-year lock-up, such that the shares may not be sold until March 31, 2014 except in the case of the grantee's death or disability,
  – for eligible Group employees in other countries, the vesting period will end on March 30, 2014 and the shares will be delivered on March 31, 2014 (potential number of shares still to be delivered: 929,691 after deducting 119 shares delivered early). No lock-up period will apply;

- **a performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 19, 2009.** The shares were subject to a performance condition, which was met, and would have been forfeited if the grantee had left the Group before the end of the vesting period.

  In all, the plan concerns **622,790** performance shares, as follows:
  – for eligible Group employees in France, the vesting period ended on March 29, 2012 and the shares were delivered on March 30, 2012 (245,320 shares delivered; 15,080 rights forfeited due to the grantees leaving the Group before the end of the vesting period). The vesting period has been followed by a two-year lock-up, such that the shares may not be sold until March 31, 2014 except in the case of the grantee's death or disability.
  – for eligible Group employees in other countries, the vesting period will end on March 30, 2014 and the shares will be delivered on March 31, 2014 (potential number of shares still to be delivered: 345,160 after deducting 1,500 shares delivered early and 15,730 rights forfeited due to the grantees leaving the Group before the end of the vesting period). No lock-up period will apply.

- **a performance share plan for certain eligible managers and senior executives of the Saint-Gobain Group in France and abroad authorized by the Board of Directors on November 18, 2010.** The shares were subject to a performance condition, which was only partly met, and would have been forfeited if the grantee had left the Group before the end of the vesting period.

  In all, **737,550** performance shares were awarded, as follows:
  – for eligible Group employees in France, the vesting period ended on March 29, 2013 and the shares were delivered on March 30, 2013 (number of shares delivered: 186,495 of which 590 shares delivered early, 126,565 rights canceled due to the performance conditions being only partly met and 12,000 rights forfeited due to the grantees leaving the Group before the end of the vesting period). The vesting period has been followed by a two-year lock-up, such that the shares may not be sold until March 31, 2015 except in the case of the grantee's death or disability,
  – for eligible Group employees outside France, the vesting period will end on March 30, 2015 and the shares will be delivered on March 31, 2015 (potential number of shares to be delivered: 249,520 after deducting 700 shares delivered early, 143,320 rights canceled due to the performance conditions being only partly met and 18,950 rights forfeited due to the grantees leaving the Group before the end of the vesting period). No lock-up period will apply;

- **a performance share plan for certain eligible managers and senior executives of the Saint-Gobain Group in France and abroad authorized by the Board of Directors on November 24, 2011.** The shares are subject to a performance condition, which has been only partly met, and are forfeited if the grantee leaves the Group before the end of the vesting period.

  In all, the plan concerns **942,920** performance shares, as follows:
  – for eligible Group employees in France, the vesting period will end on March 29, 2014 and the shares will be delivered on March 30, 2014 (potential number of shares to be delivered: 170,164 after deducting 2,813 shares delivered early, 238,313 rights canceled due to the performance conditions being only partly met and 4,270 rights forfeited due to the grantees leaving the Group before the end of the vesting period). The vesting period will be followed by a two-year lock-up, such that the shares may not be sold until March 31, 2016 except in the case of the grantee's death or disability,
  – for eligible Group employees outside France, the vesting period will end on March 30, 2016 and the shares will be delivered on March 31, 2016 (potential number of shares to be delivered: 238,926 after deducting 279,634 rights canceled due to the performance conditions being only partly met and 8,800 rights forfeited due to the grantees leaving the Group before the end of the vesting period). No lock-up period will apply;

- **a performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 22, 2012** (with shares to be allocated out of treasury stock). The shares are subject to a performance condition and will be forfeited if the grantee leaves the Group before the end of the vesting period.

The plan involves a total of **542,370** performance shares. Grantees will be allocated existing shares of the Company. The vesting period will end on November 21, 2016 and the shares will be delivered on November 22, 2016. No lock-up period will apply;

- **a performance share plan for eligible employees and officers of the Group in France and abroad authorized by the Board of Directors on November 21, 2013** (with shares to be allocated out of treasury stock). The shares are subject to a performance condition and will be forfeited if the grantee leaves the Group before the end of the vesting period.
The plan involves a total of **541,655** performance shares. Grantees will be allocated existing shares of the Company. The vesting period will end on November 20, 2017 and the shares will be delivered on November 21, 2017. No lock-up period will apply.

The table below shows changes in the number of performance share rights:

	Number of rights
Number of performance share rights at December 31, 2011	**3,662,387**
- performance share rights granted in November 2012	542,370
- vested shares delivered during the period	(641,669)
- rights forfeited or canceled during the period	(897,242)
Number of performance share rights at December 31, 2012	**2,665,846**
- performance share rights granted in November 2013	541,655
- vested shares delivered during the period	(188,055)
- rights forfeited or canceled during the period	(1,960)
Number of performance share rights at December 31, 2013	**3,017,486**

The following table shows the expected dates when vested performance shares will be issued/delivered under the six plans, except in the case of the grantee's death or disability or departure from the Group before the end of the vesting period:

Grant date	Number of rights at Dec. 31, 2013	End of the vesting period End-March 2014	End-March 2015	End-March 2016	End-November 2016	End-November 2017	Type of shares
Nov. 19, 2009	929,691	929,691					New shares
Nov. 19, 2009	345,160	345,160					New shares
Nov. 18, 2010	249,520		249,520				New shares
Nov. 24, 2011	409,090	170,164		238,926			New shares
Nov. 22, 2012	542,370				542,370		Existing shares
Nov. 21, 2013	541,655					541,655	Existing shares
TOTAL	**3,017,486**	**1,445,015**	**249,520**	**238,926**	**542,370**	**541,655**	

10.6 Performance unit plans

Performance unit plans were set up in 2012 and 2013. The units are subject to a performance condition and will be forfeited if the grantee leaves the Group before the end of the vesting period. The units will not give rise to the allocation of new or existing shares of the Company, but will entitle grantees to deferred cash compensation determined by reference to the Company's share price.

As of December 31, 2013, two performance unit plans were outstanding:

- **a long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 22, 2012.** In all, 536,400 performance units were awarded. The exercise period for the units runs from November 22, 2016 to November 21, 2022.
- **a long-term incentive plan involving the award of performance units for certain eligible employees and officers of the Group in France, approved in principle by the Board of Directors on November 21, 2013.** In all, 588,535 performance units were awarded. The exercise period for the units runs from November 21, 2017 to November 20, 2023.

10.7 Compagnie de Saint-Gobain Group Savings Plan (PEG)

The PEG Group Savings Plan is an employee stock purchase plan open to all Group employees in France and in most other countries where the Group does business. Eligible employees must have completed at least three months' service with the Group. The purchase price of the shares, as set by the Chief Executive Officer on behalf of the Board of Directors, corresponds to the average of the opening share prices quoted over the 20 trading days preceding the pricing date less a 20% discount. The shares are subject to a five or ten-year lock-up, at the choice of employees. During the lock-up period the shares may be held directly or through the PEG corporate mutual fund. They may not be sold during this period except in the case of exceptional events.

In 2013, 4,499,142 shares with a par value of €4 were issued to employees under the Group Savings Plan at an average price of €24.77 (2012: 4,387,680 shares at an average price of €28.59).

10.8 Potential number of shares

At the **Annual General Meeting of June 7, 2012,** shareholders authorized the Board of Directors of Compagnie de Saint-Gobain to:

- grant stock options exercisable for new or existing shares, subject to performance conditions, representing up to 1% of capital stock on the Meeting date, i.e. 5,310,526 options exercisable for the same number of shares (14th resolution/26-month authorization commencing June 7, 2012);
- grant performance shares (with shares to be allocated out of treasury stock) representing up to 0.8% of the capital stock on the Meeting date, i.e. grants of 4,248,420 shares (15th resolution/26-month authorization commencing June 7, 2012). If this authorization were to be used, the performance shares would be deducted from the shares available for the stock option plan under the 14th resolution. Grantees would receive existing Saint-Gobain shares.

The Board of Directors used this authorization as follows:

- on November 22, 2012 to grant 542,370 performance shares and 253,000 stock options (see Notes 10.4 and 10.5);
- on November 21, 2013 to grant 541,655 performance shares and 247,250 stock options (see Notes 10.4 and 10.5).

At the **Annual General Meeting of June 6, 2013,** shareholders authorized the Board of Directors of Compagnie de Saint-Gobain to:

- issue, on one or several occasions, up to 106,250,000 new shares with pre-emptive subscription rights for existing shareholders and debt securities without pre-emptive subscription rights to be offered to shareholders on a priority basis (11th to 15th resolutions/26-month authorization commencing June 6, 2013);
- issue, on one or several occasions, up to 10,625,000 new shares to members of the Group Savings Plan (16th resolution, to be deducted from the ceiling of 106,250,000 shares referred to above/26-month authorization commencing June 6, 2013).

At the **Annual General Meeting of June 7, 2012,** the Board of Directors was also authorized to issue stock warrants in the event of a public tender offer for the Company's shares, in accordance with the French Act of March 31, 2006 on takeover bids (16th resolution). Under this authorization, which was valid until December 2013, the Group could issue up to €536.25 million worth of stock (excluding premiums), representing 134.1 million shares. The authorization was not used.

If all outstanding stock options were to be exercised, with the issue of new shares, this would potentially have the effect of increasing the number of shares outstanding to **578,573,948 shares.** In addition, if the authorizations described above were to be used in full, this would potentially have the effect of increasing the number of shares outstanding to **688,550,199 shares.**

NOTE 11 Other equity

Non-voting participating securities

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their conversion into euros in 1999.

A certain number of these securities have been bought back over the years. At December 31, 2013, 606,883 were outstanding with an aggregate face value of €92.5 million.

Interest on the securities ranges from 75% to 125% of the average corporate bond rate (TMO), based on the Group's consolidated income. Interest paid in 2013 amounted to €5.30 per security.

In April 1984, 194,633 non-voting participating securities were issued with a face value of ECU 1,000, now €1,000.

A certain number of these securities have been bought back over the years. At December 31, 2013, 77,516 were outstanding with an aggregate face value of €77.5 million.

Interest on these securities comprises (i) a fixed portion of 7.5% per year applicable to 60% of the security, and (ii) a variable portion applicable to the remaining 40% of the security, which is linked to consolidated net income of the previous year, subject to the cap specified in the issue agreement. In all, depending on the level of consolidated net income, the interest rate ranges from a minimum of 4.5% to a maximum of 6.75% if the corporate bond rate at issue (TMOE) is below 5% or TMOE + 175bps if the TMOE rate is above 5%. Interest for 2013 amounted to €63.70 per security, paid in two installments (€33.55 and €30.15).

These securities are not redeemable and the remuneration paid to investors is qualified as interest expense.

NOTE 12 Provisions

(in EUR thousands)	At January 1, 2013	Charge for the year	Write-backs of utilized provisions	Write-backs of surplus provisions	Other (transfers)	At December 31, 2013
Untaxed provisions						
Reinvested capital gains	6,427					6,427
Other	9,390	2,148	(11,527)			11
	15,817	**2,148**	**(11,527)**	**0**	**0**	**6,438**
Provisions for contingencies						
Provisions for taxes	88,576	4,227			2,680	95,483
Provisions for stock option plan costs	0					0
Provisions for other contingencies	2,183	5,482	(595)		(92)	6,978
	90,759	**9,709**	**(595)**	**0**	**2,588**	**102,461**
Provisions for charges						
Provisions for pensions and other post-employment benefit obligations (1)	74,894	9,961	(2,088)		(459)	82,308
Provisions for performance share and performance unit plan costs	15,930	12,159				28,089
Provisions for other charges	494	66	(24)		(25)	511
	91,318	**22,186**	**(2,112)**	**0**	**(484)**	**110,908**
Provisions for impairment						
Investments in subsidiaries and affiliates	631	29,448				30,079
Other investment securities	9,328		(9,230)			98
Doubtful receivables	0					0
Marketable securities	21,869	6,486	(21,869)			6,486
	31,828	**35,934**	**(31,099)**	**0**	**0**	**36,663**
Impact on operating income		**9,976**	**(2,108)**			
Impact on net financial income		**35,934**	**(31,099)**			
Impact on exceptional items		**24,067**	**(12,125)**			

(1) The Company's obligations with respect to supplementary pension plans and other post-employment benefits are measured using the projected unit credit method based on end-of-career salaries and employees' vested rights at the measurement date.

Actuarial gains and losses arising in the year under defined benefit plans are recognized immediately in the income statement.

The discount rate used was 3.50% in 2013 and 3.25% in 2012.

NOTE 13 Debt and payables

Total debt and payables decreased by a net amount of €745 million to €14,874 million at December 31, 2013. Bond debt decreased by €640 million, bank borrowings by €169 million, and tax and social charges payable and deferred income by €25 million, while other borrowings increased by €89 million.

Maturities of debt and payables

(in EUR thousands)	Gross	Due Within 1 year	Due Beyond 1 year
Bonds (1)	9,385,770	865,468	8,520,302
Bank borrowings (1)(2)	8,417	8,417	0
Other borrowings (1)(3)	5,344,001	5,344,001	
Sub-total Debt	**14,738,188**	**6,217,886**	**8,520,302**
Tax and social charges payable	73,979	73,979	-
Other payables (3)	59,180	58,980	200
Deferred income	2,270	2,270	
Total payables (4)	**14,873,617**	**6,353,115**	**8,520,502**
(1) New debt for the year Debt repaid during the year	1,701,414 (2,439,602)		
(2) of which: – Debt with original maturity of up to two years – Debt with original maturity of more than two years	 8,417 0		
(3) of which: – Shareholders' loans – New loans from subsidiaries – Loans from subsidiaries repaid during the year	 None 0 0		
(4) of which debt due beyond 5 years	4,136,230		

Analysis of long- and short-term debt

(in EUR thousands)	2013	2012
1. Medium and long-term debt		
Long-term portion		
Due between January 1 and December 31		
2014		1,163,202
2015	1,000,000	1,000,000
2016	1,059,842	1,067,602
2017	1,484,549	1,494,010
2018	839,681	750,000
2019	950,000	750,000
2020 and beyond	3,153,710	2,859,520
No fixed maturity	32,520	32,520
Total long- and medium-term debt excluding short-term portion	**8,520,302**	**9,116,854**
Short-term portion	**1,361,715**	**1,984,092**
Total	**9,882,017**	**11,100,946**
2. Short-term debt		
Borrowings from Group entities	4,733,077	3,658,735
Bank overdrafts and other short-term borrowings	8,417	21,091
Other	114,677	695,605
Total	**4,856,171**	**4,375,431**
TOTAL LONG- AND SHORT-TERM DEBT	**14,738,188**	**15,476,377**

Long-term debt can be analyzed as follows by currency:

en milliers d'euros	2013	2012
Euro	8,728,436	10,008,120
Pounds sterling	1,026,292	1,048,425
Norwegian krone	92,433	0
Yen	34,856	44,401
TOTAL	**9,882,017**	**11,100,946**

Debt issuance costs are amortized over the life of the debt, from the issue date. These costs are recorded in assets, under "Deferred charges" (see Note 9).

13.1 Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued €125 million worth of perpetual bonds – 25,000 bonds with a face value of €5,000.

At December 31, 2013, 18,496 perpetual bonds had been bought back and canceled, and 6,504 perpetual bonds were outstanding, representing a total face value of €33 million.

The bonds pay interest at a variable rate indexed to Euribor. Interest paid in 2013 amounted to €31.68 per security.

The bonds are not redeemable and the remuneration paid to investors is qualified as interest expense.

13.2 Main changes in bond debt in 2013

In 2013, Compagnie de Saint-Gobain carried out the following debt management transactions to extend the average maturity of debt while reducing average borrowing costs.

- March 27, 2013: placement of NOK 750 million worth of 4% 5-year bonds due 2018.
- March 28, 2013: issue of €100 million worth of 3.875% 20-year private placement notes due 2033.
- June 5, 2013: issue of €164 million worth of 2.875% 10.5-year private placement notes due December 2023, increased to €362 million through five tap issues:
  - on July 3, for €70 million;
  - on October 21, for €66 million (two issues);
  - on November 26, for €62 million (two issues).
- September 25, 2013: issue of €37 million worth of 4.18% 20-year private placement notes due September 2033.
- September 27, 2013: issue of €10 million worth of 4.16% 20-year private placement notes due September 2033.

January 29, 2013: a €155 million bank loan was repaid at maturity.

May 20, 2013: a €575 million bond issue was redeemed at maturity.

September 16, 2013: a €606 million bond issue was redeemed at maturity.

13.3 Financing programs

Compagnie de Saint-Gobain has a number of medium and long-term financing programs (Medium Term Notes) and short-term financing programs (Commercial Paper and *Billets de Trésorerie*).

At December 31, 2013, issuance under these programs was as follows:

Programs *(in millions of currency units)*	Currency	Maturities	Authorized program at December 31, 2013	Outstanding issues at December 31, 2013	Outstanding issues at December 31, 2012
Medium Term Notes	EUR	1 to 30 years	15,000	9,375	9,246
US Commercial Paper	USD	Up to 12 months	1,000 (*)	0	0
Euro Commercial Paper	USD	Up to 12 months	1,000 (*)	0	0
Billets de trésorerie	EUR	Up to 12 months	3,000	110	691

(*) Equivalent to €725 million based on the exchange rate at December 31, 2013.

In accordance with market practices, *Billets de Trésorerie,* Euro Commercial Paper and US Commercial Paper are generally issued with maturities of one to six months. They are treated as variable-rate debt, because they are rolled over at frequent intervals.

Syndicated lines of credit

Compagnie de Saint-Gobain has various syndicated lines of credit that are intended to provide a secure source of financing for the Group (including as additional backing for its US Commercial Paper, Euro-Commercial Paper and *Billets de Trésorerie* programs). They include:

- an initial €1.5 billion syndicated line of credit expiring in December 2017, that was obtained in December 2012. The facility was renegotiated in December 2013 and rolled over until December 2018 for €1,461 million;
- a second €2,539 million syndicated line of credit expiring in December 2018 with two one-year rollover options, that was obtained in December 2013. At the same time, the €2.5 billion line of credit expiring in December 2015 was canceled.

No minimum financial ratio requirements applied to this facility based on Saint-Gobain's current credit rating for its long-term debt issues.

Neither of these lines of credit was drawn down at December 31, 2013.

NOTE 14 Related party transactions

14.1 Transactions with related companies

(in EUR thousands)	Net amount concerning related companies: Subsidiaries [1]	Net amount concerning related companies: Other related companies [2]	Other companies	Net balance sheet amount at December 31, 2013
Balance sheet items				
Investments in subsidiaries and affiliates	12,777,888	187		12,778,075
Loans and advances to subsidiaries and affiliates	12,489,086			12,489,086
Other investment securities		77		77
Other loans	1,184,985		41,625	1,226,610
Other receivables	1,298,563	110	21,520	1,320,193
Marketable securities	113,999		2,850,621	2,964,620
Cash and cash equivalents			750,746	750,746
Bonds			9,385,770	9,385,770
Bank borrowings			8,417	8,417
Other borrowings	5,227,165	2,159	114,677	5,344,001
Tax and social charges payable			73,979	73,979
Other payables	12,211	400	46,569	59,180
Income statement items				
Income from investments in subsidiaries and affiliates	598,772	(29)		598,743
Income from loans and other investments	2		28,529	28,531
Other interest income	595,402	1		595,403
Interest expense	42,002	17	501,692	543,711

(1) Fully consolidated companies.
(2) Companies that are not fully consolidated.

14.2 Transactions with other related parties

There are no material transactions with other related parties not entered into on arm's length terms.

NOTE 15 Investment portfolio

	Country	Net book value	% interest	Number of shares
Spafi	France	5,768,287	100.00	251,014,613
Partidis	France	2,065,919	100.00	78,262,892
Saint-Gobain Matériaux de Construction	France	1,723,712	100.00	85,916,100
Vertec	France	891,512	100.00	11,790,698
Saint-Gobain Benelux	Belgium	812,344	100.00	3,296,475
Saint-Gobain do Brasil	Brazil	220,001	55.31	78,404,824
Saint-Gobain Cristalería	Spain	211,220	16.35	3,659,866
Saint-Gobain Building Distribution Deutschland	Germany	194,609	100.00	100,000,000
Saint-Gobain Glass Benelux SA	Belgium	132,080	16.19	1,667,698
Saint-Gobain Isover G+H AG	Germany	153,800	99.91	3,197,027
Saint-Gobain Vetrotex Deutschland GmbH	Germany	153,669	100.00	45,000,000
Saint-Gobain Glass Deutschland GmbH	Germany	86,660	60.00	120,000,000
Saint-Gobain Autoglas GmbH	Germany	72,833	60.00	120,000,000
Saint-Gobain Vidros SA	Brazil	67,181	99.96	209,374,623
Saint-Gobain Emballage	France	61,553	20.52	331,964
Saint-Gobain Schleifmittel-Beteiligungen GmbH	Germany	61,151	100.00	20,000,000
SEPR	France	53,310	25.73	407,600
Saint-Gobain PAM	France	30,733	8.10	360,255
Saint-Gobain Nederland	Netherlands	13,621	100.00	66,100
SCI Ile de France	France	3,428	–	–
Miscellaneous French companies		–	–	–
Miscellaneous foreign companies		452	–	–
Investments in subsidiaries and affiliates		**12,778,075**		
Cie de Saint-Gobain (treasury stock)	France	–	–	–
Cie de Saint-Gobain (treasury stock held for cancellation)	France	–	–	–
Miscellaneous French companies		77	–	–
Other investment securities		**77**		
TOTAL		**12,778,152**	**–**	**–**

NOTE 16 Information about direct investments in subsidiaries and affiliates with a carrying amount representing over 1% of the Company's capital stock

Companies *(in thousands of euros or local currency)*	Capital stock	Reserves	% interest	Book value of shares held Gross *(EUR k)*	Book value of shares held Net *(EUR k)*	Loans and advances granted by the Company *(EUR k)*	Guarantees given by the Company *(EUR k)*	2013 net sales	2013 net income (loss)	Dividends received by the Company in 2013 *(EUR k)*
1 - SUBSIDIARIES At least 50%-owned by the Company										(1)
Spafi 18. avenue d'Alsace 92400 Courbevoie	(EURk) 3,012,175	(EURk) 4,172,303	100.00	5,768,287	5,768,287	-		(EURk) 102	(EURk) 344,018	514,580
Partidis 18. avenue d'Alsace 92400 Courbevoie	(EURk) 1,193,509	(EURk) 454,687	100.00	2,065,919	2,065,919	1,480,000		(EURk) 4,754	(EURk) (129,604)	208,492
S.G. Matériaux de Construction 18. avenue d'Alsace 92400 Courbevoie	(EURk) 1,310,221	(EURk) (1,061,536)	100.00	1,723,712	1,723,712	4,880,000		(EURk) 26,210	(EURk) (156,462)	
Vertec 18. avenue d'Alsace 92400 Courbevoie	(EURk) 188,651	(EURk) 829,937	100.00	891,512	891,512	-		(EURk) -	(EURk) 103,198	158,939
Saint-Gobain Benelux Bouleverd de la Plaine 5 B 1050 Bruxelles	(EURk) 812,345	(EURk) 123,277	100.00	812,344	812,344	-		(EURk) -	(EURk) 27,473	
Saint-Gobain Building Distrib Deutsch Hanauer Landstrasse. 150 D-60314 Frankfurt am Main	(EURk) 100,000	(EURk) 94,600	100.00	194,609	194,609	-		(EURk) 1,400,712	(EURk) 6,689	6,689
S. G. Glass Benelux SA Rue des Glaces Nationales. 169 B-5060 Sambreville	(EURk) 388,300	(EURk) 22,828	16.19	160,880	132,080	-		(EURk) 63,574	(EURk) (26,091)	
S. G. Isover G+H AG Burgermeister-Grünzweig-Strasse 1 D-67059 Ludwigshafen	(EURk) 82,000	(EURk) 11,426	99.91	153,800	153,800	-		(EURk) 364,072	(EURk) 4,201	4,201
S. G. Vetrotex Deutschland GmbH Bicherouxstrasse 61 D-52134 Herzogenrath	(EURk) 23,008	(EURk) 139,936	100.00	153,669	153,669	-		(EURk) 6,791	(EURk) (93,965)	(93,965)
S. G. Glass Deutschland GmbH Viktoriaallee 3-5 D-52066 Aachen	(EURk) 102,258	(EURk) 32,899	60.00	87,197	86,660	-		(EURk) 332,745	(EURk) (242,683)	(270,263)
S G Do Brasil 482. avenida Santa Marina Agua Branca 05036-903 São Paulo-SP (Brazil)	(BRLk) 1,417,564	(BRLk) 257,661	55.31	220,001	220,001	-		(BRLk) 3,073,132	(BRLk) 170,091	28,920
Saint-Gobain Autoglas GmbH Viktoriaallee 3-5 D-52066 Aachen	(EURk) 102,258	(EURk) 19,130	60.00	72,833	72,833	-		(EURk) -	(EURk) 7,252	5,166
Saint-Gobain Schleifmittel-Beteiligungen GmbH Viktoriaallee 3-5 D-52066 Aachen	(EURk) 10,226	(EURk) 50,925	100.00	61,151	61,151	-		(EURk) -	(EURk) (3,183)	(3,183)
Saint-Gobain Vidros SA 482. avenida Santa Marina Agua Branca 05036-903 São Paulo-SP (Brazil)	(BRLk) 371,159	(BRLk) 3,086	99.96	67,181	67,181	-		(BRLk) 396,622	(BRLk) (36,477)	5,956

(1) The amount shown for subsidiaries of the German branch corresponds to 2013 profit or loss transferred under the group relief system.

Companies *(in thousands of euros or local currency)*	Capital stock	Reserves	% interest	Book value of shares held Gross *(EUR k)*	Book value of shares held Net *(EUR k)*	Loans and advances granted by the Company *(EUR k)*	Guarantees given by the Company *(EUR k)*	2013 net sales	2013 net income (loss)	Dividends received by the Company in 2013 *(EUR k)*
2 - AFFILIATES 10 to 50%-owned by the Company										**(1)**
S. G. Cristalería Edificio Ederra Centro Azca Paseo de la Castellana 77 28046 Madrid	(EURk) 134,512	(EURk) 679,058	16.35	211,220	211,220	355,000		(EURk) 360,262	(EURk) (164,078)	0
Saint-Gobain Emballage 18. avenue d'Alsace 92400 Courbevoie, France	(EURk) 42,069	(EURk) 432,524	20.52	61,553	61,553			(EURk) 679,488	(EURk) 105,777	23,779
SEPR 18. avenue d'Alsace 92400 Courbevoie, France	(EURk) 63,361	(EURk) 6,565	25.73	53,310	53,310	10,000		(EURk) 122,032	(EURk) (32,400)	6,974
OTHER COMPANIES										
Subsidiaries (over 50%-owned)										
Total French companies				3,428	3,428					56
Total foreign companies				14,045	14,045		500,848			(67)
Affiliates (10 to 50%-owned)										
Total French companies										-
Total foreign companies				0	0					
Other investments				**31,677**	**30,837**	**650,000**				**2,480**
Treasury stock										
Treasury stock held for cancellation										
TOTAL				**12,808,328**	**12,778,151**	**7,375,000**	**500,848**			**598,754**

(1) The amount shown for subsidiaries of the German branch corresponds to 2013 profit or loss transferred under the group relief system.

NOTE 17 Off-balance sheet commitments

Off-balance sheet commitments given on behalf of consolidated companies

Off-balance sheet commitments given on behalf of consolidated companies	Date	Counterparty	2013 amount *(EURk)*	2012 amount *(EURk)*
Commitment related to the fine levied by the European Commission (see Note 20.2)	Indefinite	Multiple	1,102,393	1,075,396
Saint-Gobain Receivable Corporation securitization program	Indefinite	Citibank	90,638	88,883
Guarantee given on behalf of Saint-Gobain Isover (electricity purchases)	Dec. 31, 2025	Exeltium	30,690	32,860
Guarantee issued in connection with disputes between members of the tax group and the French tax authorities	Indefinite	Tax authorities	15,712	
Commitment to employees of the German companies in the Group (early-retirement plan)	Dec. 30, 2015	Sparkasse Aachen	5,810	9,354
Rent guarantee (Les Miroirs headquarters building)	June 30, 2023	Miroirs A & B	3,000	
Commitments towards other members of economic interest groupings (GIE)	Indefinite	GIE counterparts	2,972	2,710
Commitment towards Saint-Gobain Initiatives	Jan. 1, 2015	SG Initatives counterparts	1,600	
Guarantee given to French companies whose employees have received performance units	Multiple	Multiple	760	
Guarantee given to employees of the Company who have received performance units	Multiple	Multiple	568	
Employee-related commitments in Germany (guarantee fund)	Indefinite	Eigene Bursch	190	190
Other commitments given	Multiple	Multiple	96	96

Financing-related off-balance sheet commitments

Operations-related off-balance sheet commitments given	Date	Counterparty	2013 amount (EURk)	2012 amount (EURk)
Guarantee for Saint-Gobain Nederland bond issue	May 25, 2014	BNP Paribas	500,848	500,848
Liquidity agreement guarantee	Jan. 14	Exane		484
Euro equivalent of forward foreign currency sale contracts	Multiple	Multiple	1,083,940	816,512
Euro equivalent of foreign currencies payable under currency swaps	Multiple	Multiple	3,311,849	1,797,692

Financing-related off-balance sheet commitments received	Date	Counterparty	2013 amount (EURk)	2012 amount (EURk)
Liquidity agreement guarantee	Jan. 14	Exane	159	803
Euro equivalent of forward foreign currency purchase contracts	Multiple	Multiple	1,084,790	827,538
Euro equivalent of foreign currencies receivable under currency swaps	Multiple	Multiple	3,329,329	1,806,121
2010-2015 undrawn line of credit	Dec. 12, 2018	Multiple	2,539,000	2,500,000
2012-2017 undrawn line of credit	Dec. 7, 2018	Multiple	1,461,000	1,500,000
Equity swaps acquired as hedges of performance units	Multiple	Multiple	4,850	

Financing-related off-balance sheet commitments given and received	Date	Counterparty	2013 amount (EURk)	2012 amount (EURk)
Sold currency options	Multiple	Multiple	37,842	
Purchased currency options	Multiple	Multiple	37,842	
Interest rate swaps Fixed rate borrower/Fixed rate lender	Multiple	Multiple	299,868	308,135
Interest rate swaps Variable rate borrower/Fixed rate lender	Multiple	Multiple	95,000	95,000
Interest rate swaps Variable rate borrower/Variable rate lender	Multiple	Multiple		155,000
Commodity swaps Fixed price buyer/Variable price seller	Multiple	Multiple	46,193	41,713
Commodity swaps Variable price buyer/Fixed price seller	Multiple	Multiple	46,193	41,713

Operations-related off-balance sheet commitments

None.

Tax reassessments are covered by provisions recorded in the balance sheet. In exchange for a stay of payment of the additional tax claimed, Compagnie de Saint-Gobain has obtained tax bonds from its banks in the amount of €9,952 thousand and the tax administration has also been granted liens on assets in the amount of €10,592 thousand. In addition, Compagnie de Saint-Gobain has granted a lien on assets totaling €16,900 thousand in connection with a tax dispute involving a member of the tax group. The Company has also issued a guarantee on behalf of this entity, included in commitments given on behalf of consolidated companies.

NOTE 18 Fees paid to the Statutory Auditors

The total fees (excluding VAT) paid and payable to the auditors for 2013, as reflected in the income statement, include:

- statutory audit fees of €1.3 million;
- fees for audit-related advice and services of €0.3 million.

NOTE 19 Employees

Number of employees

	2013	2012
Paris Head Office (Les Miroirs, La Défense)		
Managers	175	184
Supervisors	40	41
Administrative staff	7	6
Total	**222**	**231**
Of which, employees under fixed-term contracts	6	2

	2013	2012
German branch (Aachen)		
Managers	75	66
Supervisors	114	128
Administrative staff	1	1
Total	**190**	**195**
Of which, employees under fixed-term contracts	2	2

Statutory training entitlement

Unused vested training entitlements under Act no. 2004.391 of March 4, 2004 relating to lifelong learning amounted to 18,921 hours at December 31, 2013, representing an estimated cost of €401 thousand.

Management compensation

Direct and indirect compensation and benefits paid in 2013 to members of the Board of Directors and the Group's senior management by the French and foreign companies in the Group amounted to €13.9 million (2012: €12.6 million), including €4.0 million (2012: €4.6 million) in variable compensation and €0.9 million in termination benefits (2012: €0 million).

Pensions and other post-employment benefits (defined benefit obligations in respect of retirement bonuses and pensions) accruing to the Group's directors and officers totaled €47.2 million at December 31, 2013 (December 31, 2012: €41.8 million).

Attendance fees paid to directors for 2013 totaled €0.8 million (2012: €0.8 million).

NOTE 20 Litigation

20.1 Asbestos-related litigation

The lawsuits described below involve Group subsidiaries. Note however that the related costs and provisions are recorded in the accounts of the subsidiaries concerned.

Asbestos-related litigation in France

- **"Inexcusable fault" proceedings**

In France, further individual lawsuits were filed in 2013 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM ("the employers") – which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases, with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect. A total of 767 such lawsuits have been issued against the two companies since 1997.

At December 31, 2013, 704 of these 767 lawsuits had been completed in terms of both liability and quantum. In all of these cases, the employers were held liable on the grounds of "inexcusable fault".

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled approximately €1.4 million.

Concerning the 63 lawsuits outstanding against Everite and Saint-Gobain PAM at December 31, 2013, the merits of eight have been decided but the compensation awards have not yet been made, pending issue of medical reports or Appeal Court rulings. A further 31 of these 63 lawsuits have been completed in terms of both liability and quantum, but liability for the payment of compensation has not yet been assigned.

Out of the 24 remaining lawsuits, at December 31, 2013 the procedures relating to the merits of 20 cases were at different stages, with two in the process of being investigated by the French Social Security authorities and 18 pending before the Social Security courts. The final four suits have been struck out by the court, with the plaintiffs entitled to ask for them to be re-activated at any time within a two-year period.

In addition, as of December 31, 2013, 198 suits based on inexcusable fault had been filed since the outset by current or former employees of fourteen other French companies in the Group (excluding Saint-Gobain Desjonquères and Saint-Gobain Vetrotex, which have been sold), in particular involving circumstances where equipment containing asbestos had been used to protect against heat from furnaces.

At that date, 135 lawsuits had been completed. In 62 of these cases, the employer was held liable for inexcusable fault.

Compensation paid by the companies totaled approximately €0.9 million.

For the 63 suits outstanding at December 31, 2013, arguments were being prepared by the French Social Security authorities in four cases and 49 were being investigated – including 34 pending before the Social Security courts and 15 before the Courts of Appeal – and seven had been completed in terms of liability but not in terms of quantum and/or liability for the compensation payments, of which six pending before the Courts of Appeal and one before the Court of Cassation. The final three suits have been struck out by the court, with the plaintiffs entitled to ask for them to be re-activated at any time within a two-year period.

Anxiety claims

Nine French companies in the Group, including five that currently operate or previously operated "asbestos facilities" in France, are facing legal action different from that described above.

In France, "asbestos facilities" are plants – currently in operation or closed – that once either manufactured materials containing asbestos or used asbestos-containing equipment for protection and insulation, and which, by ministerial order, are included in a list of sites whose former or current employees are eligible for the asbestos workers' early retirement benefit (ACAATA).

As of December 31, 2013, 765 lawsuits had been filed by employees or former employees of such facilities – not affected by asbestos-related occupational illness and benefiting or not from ACAATA – with the aim of obtaining compensation for damages arising from their alleged exposure to asbestos. Out of the 765 suits, 51 have been completed, with three cases dismissed outright. Forty-eight other cases where exposure to risk was recognized, were settled through the payment of a total of €0.6 million. Out of the remaining 714 suits, 78 are pending before the Appeal Court – including one where the claimant has appealed and 77 where the appellants are the companies concerned –, 635 are at different stages in the procedure before the Labor Tribunal, and one has been struck out by the Labor Tribunal's conciliation board, with the claimant entitled to ask for it to be re-activated at any time within a two-year period.

Asbestos-related litigation in the United States

In the United States, several companies that once manufactured products containing asbestos such as asbestos-cement pipes, roofing products, specialized insulation products, are facing legal action from persons other than their employees or former employees. These claims for compensatory – and in many cases punitive – damages are based on alleged exposure to the products, although in many instances the claimants cannot demonstrate any specific exposure to one or more products, or any specific illness or physical disability. The vast majority of these claims are made simultaneously against many other non-Group entities that have been manufacturers, distributors, installers or users of products containing asbestos.

Developments in 2013

About 4,500 new claims were filed against CertainTeed in 2013, compared to about 4,000 in 2012, 4,000 in 2011, 5,000 in 2010 and 4,000 in 2009. Over the last five years the number of new claims has remained relatively stable.

Almost all of the claims against CertainTeed are settled out of court or dismissed. Approximately 4,500 of the pending claims were resolved in 2013, compared to 9,000 in 2012, 8,000 in 2011, 13,000 in 2010 and 8,000 in 2009. Taking into account the 43,000 outstanding claims at the end of 2012, new claims that arose during the year and settled claims, some 43,000 claims were outstanding at December 31, 2013. A large number of these pending claims were filed more than five years ago by individuals without any significant asbestos-related impairment and it is likely that many of them ultimately will be dismissed.

Impact on the accounts

The Group recorded a €90 million charge in 2013 to cover future developments in relation to claims involving CertainTeed. This amount is identical to that recorded in 2012 and 2011, less than the €97 million recorded in 2010 and higher than the €75 million recorded in 2009. At December 31, 2013, the Group reserve for asbestos-related claims against CertainTeed in the United States amounted to €407 million (USD 561 million), compared with €417 million (USD 550 million) at December 31, 2012, €389 million (USD 504 million) at December 31, 2011, €375 million (USD 501 million) at December 31, 2010 and €347 million (USD 500 million) at December 31, 2009.

Cash flow impact

Compensation paid in respect of these claims against CertainTeed, including claims settled in prior years but only paid out in 2013 and those fully resolved and paid in 2013, and compensation paid (net of insurance) in 2013 by other Group businesses in connection with asbestos-related litigation, amounted to €66 million (USD 88 million) compared to €52 million (USD 67 million) in 2012, €59 million (USD 82 million) in 2011, €78 million (USD 103 million) in 2010 and €55 million (USD 77 million) in 2009.

In Brazil, former Group employees suffering from asbestos-related occupational illness are offered either exclusively financial compensation or lifetime medical assistance combined with financial compensation. Only a small number of asbestos-related lawsuits brought by former employees (or persons claiming through them) were outstanding at December 31, 2013, and they do not currently represent a material risk for the companies concerned.

Ruling by the European Commission following the investigation into the automotive glass industries

In the November 12, 2008 decision concerning its investigation into automotive glass manufacturers, the European Commission held that Saint-Gobain Glass France, Saint-Gobain Sekurit France and Saint-Gobain Sekurit Deutschland GmbH had violated Article 81 of the Treaty of Rome based on acts committed between 1998 and 2003, and fined them €896 million. Compagnie de Saint-Gobain was held jointly and severally liable for the payment of this amount.

The companies concerned believe the fine is excessive and disproportionate, and have appealed the decision before the General Court of the European Union.

The European Commission has granted them a stay of payment until the appeal has been heard, in exchange for a bond covering the €896 million fine and the related interest, calculated at the rate of 5.25% from March 9, 2009. The necessary steps were taken to set up this bond within the required timeframe.

The hearing before the General Court of the European Union in Luxembourg took place on December 11, 2012. The Court was expected to hand down its ruling within six to twelve months, but had still not done so as of February 1, 2014. The ruling is now expected during 2014. In a decision dated February 28, 2013, the European Commission reduced by €16 million the fine announced in November 2008, to correct a mistake that it had made in calculating the sales on which the fine was based.

The reduced fine imposed by the Commission amounts to €880 million.

The provision set aside to cover the fine, the late interest, the cost of the above bond and the related legal costs amounted to €1,119 million at December 31, 2013.

NOTE 21 Subsequent events

No material events have occurred since the balance sheet date.

STATUTORY AUDITORS' REPORT
ON THE PARENT COMPANY FINANCIAL STATEMENTS

Year ended December 31, 2013

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying financial statements of Compagnie de Saint-Gobain;
- the justification of our assessments;
- the specific verifications and information required by law.

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

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

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

As described in Note 1 to the financial statements on accounting principles and methods (Investments in subsidiaries and affiliates, other investment securities and other financial investments), the Company carries out impairment tests on a yearly basis for its financial investments and investments in subsidiaries and affiliates. Based on the information available at the time of our audit, we assessed the approach used by the Company and ensured that the estimates made by the Company at December 31, 2013 were reasonable.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code *(Code de commerce)* relating to remuneration and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris La Défense, February 19, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit

KPMG Audit
Department of KPMG S.A.

Pierre Coll   Jean-Christophe Georghiou

Jean-Paul Thill   Philippe Grandclerc

MANAGEMENT REPORT FINANCIAL STATEMENTS OF COMPAGNIE DE SAINT-GOBAIN (*)

Compagnie de Saint-Gobain ended 2013 with net income of €915.8 million (2012: €761.7 million). The total consists mainly of dividends from subsidiaries and affiliates and the income of the subsidiaries of the German branch, which is a flow-through entity, in the amount of €598.7 million (2012: €565.8 million).

Shareholders' equity before appropriation of income for the year totaled €16,420.8 million at December 31, 2013 (December 31, 2012: €15,506.1 million).

Significant events of the year

Changes in shareholders' equity

The main changes in shareholders' equity during the year were as follows:

- On May 15, capital stock was increased by €110.8 million following the issue of 4,499,142 shares at a price of €24.77 through the Group Savings Plan.
- On July 5, the Company paid dividends representing a total payout of €654.1 million.
- On July 5, capital stock was increased by €473.6 million following the issue of 16,866,171 shares at a price of €28.12 upon exercise of the stock dividend option.

Financing programs

In 2013, Compagnie de Saint-Gobain carried out the following debt management transactions to extend the average maturity of debt while reducing average borrowing costs.

- March 27, 2013: placement of NOK 750 million worth of 4% 5-year bonds due 2018.
- March 28, 2013: issue of €100 million worth of 3.875% 20-year private placement notes due 2033.
- June 5, 2013: issue of €164 million worth of 2.875% 10.5-year private placement notes due December 2023, increased to €362 million through five tap issues:
  - On July 3, for €70 million.
  - On October 21, for €66 million (two issues).
  - On November 26, for €62 million (two issues).
- September 25, 2013: issue of €37 million worth of 4.18% 20-year private placement notes due September 2033.
- September 27, 2013: issue of €10 million worth of 4.16% 20-year private placement notes due September 2033.
- January 29, 2013: a €155 million bank loan was repaid at maturity.
- May 20, 2013: a €575 million bond issue was redeemed at maturity.
- September 16, 2013: a €606 million bond issue was redeemed at maturity.

Other

The headquarters building Les Miroirs was sold on December 30, 2013 and a lease contract was signed with the purchaser.

Other compulsory disclosures

Trade accounts payable at December 31, 2013 and 2012 by due date are as follows (disclosure made in application of Article D.441-4):

(in EUR thousands)	2013	2012
Total trade payables	10,868	10,760
- of which past due	*1,430*	*2,091*
- of which not yet due	*9 438*	*8,669*
of which due in 60 days	*9 438*	*8,662*
of which due beyond 60 days	*0*	*7*

Compagnie de Saint-Gobain pays supplier invoices on a timely basis. The only invoices not paid on time are disputed invoices for which a credit note is pending and invoices received late.

(*) Based on French GAAP – see the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

(in EUR thousands)	2013	2012	2011	2010	2009
1 - Capital stock at year-end					
Share capital	2,220,707	2,124,503	2,142,255	2,123,346	2,051,724
Number of common shares outstanding	555,176,790	531,125,642	535,563,723	530,836,441	512,931,016
2 - Results of operations					
Net sales	176,945	175,675	176,302	176,128	171,655
Income before tax, depreciation, amortization and provisions	775,752	630,125	962,144	1,056,117	908,322
Income tax	201,647	135,663	145,386	160,637	150,254
Net income	915,758	761,733	1,085,384	1,176,909	1,038,013
Total dividend	(1) 684 547	(2) 654 065	(3) 646 300	(4) 603 165	(5) 508 701
3 - Earnings per share (in EUR)					
Income before tax, depreciation, amortization and provisions	1.40	1.19	1.80	1.99	1.77
Net income	1.65	1.43	2.03	2.22	2.02
Net dividend per share	1.24	1.24	1.24	1.15	1.00
4 - Employee information (6)					
Average number of employees during the year	222	231	224	224	224
Total payroll for the year	29,350	28,122	29,664	26,796	21,302
Total benefits for the year	13,781	22,892	17,276	15,145	13,569

(1) Estimated at January 31, 2014, based on 555,176,790 shares (capital stock at December 31, 2013) less 3,122,495 treasury shares held at January 31, 2014.

(2) Based on 531,125,642 shares (capital stock at December 31, 2012) less 3,653,495 treasury shares held on the dividend payment date, i.e. 527,472,147 shares net.

(3) Based on 535,563,723 shares (capital stock at December 31, 2011) less 9,540,000 cancelled on May 31, 2012 and 4,813,883 treasury shares held on the dividend payment date, i.e. 521,209,840 shares net.

(4) Based on 530,836,441 shares (capital stock at December 31, 2010) less 6,345,091 treasury shares held on the dividend payment date, i.e. 524,491,350 shares net.

(5) Based on 512,931,016 shares (capital stock at December 31, 2009) less 4,230,266 treasury shares held on the dividend payment date, i.e. 508,700,750 shares net.

(6) Employee numbers only include staff at the Company's head office and exclude the German branch.

MAIN SUBSIDIARIES BY COUNTRY AND DELEGATION

All of the subsidiaries are wholly owned, unless otherwise stated.
Amounts are converted to euros at the average exchange rate for 2013.

FRANCE

Saint-Gobain Glass France: flat glass and flat glass products. Sales: €252.4 million. Employees: 812. Subsidiaries:

- M.O. Pays de Loire, M.O. Armorique, Société Verrière Française (SVF), Sovedys, Sivaq, SGGS Menuisiers Industriels, SG Glass Solutions Paris-Normandie, SG Glass Solutions Sud-Ouest, Charles André, Société Verrière de l'Atlantique (SVA), Le Vitrage du Midi (LVM), Gobba Vitrage, Vitrages Isolants d'Auvergne, Alp'Verre, Verrerie Aurys, Pierre Pradel, Wehr Miroiterie, Techniverre, Vetrotech Saint-Gobain France, Vetrotech SG Atlantique. Construction glass products manufacturing and distribution. Employees of the subsidiaries: 2,521.
- EuroKera (50%). Employees: 135.
- Keraglass (50%): glass ceramic hobs. Employees: 101.
- Saint-Gobain Sovis: tempered glass for household appliances, industrial and scientific optics, anti-radiation glass. Employees: 79.
- Verrerie de Saint-Just: decorative glass. Employees: 36.
- Saint-Gobain Sully: flat glass for the train and aircraft industries. Employees: 528.
- Saint-Gobain Glass Logistics: transport.
- Saint-Gobain Recherche (34.5% owned by SG Glass and wholly owned by the Group): glass and building materials research center. Employees: 432.
- Samin: quarry operator. Employees: 125.

Eurofloat (50%): float glass. Employees: 101.

Saint-Gobain Sekurit France: automotive glass products. Sales: €179.8 million. Employees: 735. These figures include Société Verrière d'Encapsulation: encapsulated automotive glass. Subsidiary:

- Saint-Gobain Autover: automotive glass products manufacturing and distribution. Sales: €33 million. Employees: 87.

SEPR - Société Européenne des Produits Réfractaires: fused-cast refractory products used mainly for glass furnaces and various special ceramic products (pellets, grains and powders). Sales: €122 million. Employees: 695. Subsidiaries:

- Savoie Réfractaires: special refractories. Sales: €24.2 million. Employees: 167.
- Saint-Gobain Cristaux et Détecteurs: optical crystals and artificial monocrystals for chemical analyses. Sales: €21.3 million. Employees: 107.
- Saint-Gobain Matériaux Céramiques: seeded gel abrasives. Sales: €17.6 million. Employees: 23. Subsidiary: Saint-Gobain Coating Solutions. Sales: €10.3 million. Employees: 28.
- Saint-Gobain Centre de Recherche et d'Etudes Européennes (35% owned by SEPR and wholly owned by the Group): European ceramics research center. Employees: 206.
- Valoref SA: recycling.

Saint-Gobain Performance Plastics Europe: holding company. Subsidiaries:

- Saint-Gobain Quartz SAS: silica parts for the chemical industry, silica crucibles and reactor tubes for the semi-conductor industry, silica wool and yarn for the space industry, Micaver insulating materials, piezoelectric ceramics. Sales: €13.3 million. Employees: 66.
- Saint-Gobain Performance Plastics France: manufacture and sale of high-performance plastics. Sales: €46.2 million. Employees: 315.
- Saint-Gobain Adfors France. Sales: €17.5 million. Employees: 12.

Saint-Gobain Abrasifs (France): coated abrasives, grinding wheels and superabrasives. Sales: €150.1 million. Employees: 493.

Saint-Gobain Isover: glass wool and stone wool insulation products. Sales: €392.5 million. Employees: 923. Subsidiaries:

- Saint-Gobain Eurocoustic: stone wool insulation products and roof tiles. Sales: €68.4 million. Employees: 187.
- Saint-Gobain Ecophon SA: acoustic ceilings. Sales: €4.2 million. Employees: 33.
- Plafométal: metal ceilings. Sales: €26.8 million. Employees: 90.

Placoplatre: plaster, plasterboard, insulation products and ceiling tiles. Sales: €535 million. Employees: 1,588.

Saint-Gobain Matériaux de Construction: holding company. Subsidiary:

- Saint-Gobain Weber: industrial mortars. Sales: €2.3 billion. Employees: 9,853. These figures include Weber and Maxit's subsidiaries in 48 countries, including countries that are listed below.

Saint-Gobain PAM: ductile cast-iron pipes and hydraulic connectors for water-supply, irrigation and sewer networks; cast-iron products for the building industry. Sales: €731.9 million. Employees: 2,444. Subsidiary:

- Saint-Gobain Seva: industrial equipment, glass molds, fiber-glass plates for insulation, door fittings. Sales: €53.8 million. Employees: 286.

Partidis: holding company for building materials distribution activities.
Sales: €8.1 billion. Employees: 29,909. Subsidiaries:

- Point.P: France, Belgium. Building materials distribution through:
  - 11 regional companies (Brittany, Central France, Eastern France, Paris region, Loire region, Languedoc Midi-Pyrénées, Northern France, Normandy, Provence-Alpes-Côte d'Azur, Rhône-Alpes, South-West France);
  - 9 national companies (Brossette, DSC, DAI, Asturienne, DMBP, PUM Plastiques, DMTP, Eurobéton, Décoram) and a company in Belgium.

  2,123 sales outlets (2,109 in France and 14 in Belgium).
- Lapeyre: distribution of home improvement products under the following brands: Lapeyre-La Maison, K par K and GAM (France), 134 sales outlets (131 in France, 3 in Switzerland).

Saint-Gobain Emballage: glass containers (bottles and industrial jars). Sales: €670.4 million. Employees: 1,874. Subsidiaries:

- VOA Verrerie d'Albi: glass containers (bottles). Sales: €103.3 million. Employees: 314.
- Saga Décor: decoration of bottles and jars. Sales: €11.5 million. Employees: 88.

Verallia: holding company.

Spafi: holding company.

Vertec: holding company.

CENTRAL EUROPE

Germany

Saint-Gobain Glass Deutschland GmbH: flat glass and flat glass products. Sales: €334.7 million. Employees: 948.

Saint-Gobain Deutsche Glas GmbH: holding company controlling various companies active in construction glass products manufacturing and distribution. Sales: €235.5 million (including subsidiaries). Employees: 1,491 (including subsidiaries).

Saint-Gobain Sekurit Deutschland Beteiligungen GmbH: management company for Saint-Gobain Sekurit Deutschland KG and other equity interests. Subsidiaries:

- Saint-Gobain Autover Deutschland GmbH which itself owns Freudenberger Autoglas GmbH.
- Faba Autoglas Technik GmbH: automotive glass products.
- Freeglas GmbH & Co. KG.

Saint-Gobain Sekurit Deutschland KG: automotive glass. Sales: €250.8 million. Employees: 1,275. These figures include those of Faba Autoglas Technik KG: tempered glass.

Saint-Gobain Autover Deutschland: replacement glass. Sales: €59.1 million. Employees: 157.

Avancis GmbH and Co. KG: photovoltaic modules.
Employees: 251.

Saint-Gobain Performance Plastics Isofluor GmbH: fluoropolymer pipes. Sales: €6.8 million. Employees: 59. Subsidiaries: Saint-Gobain Performance Plastics Pampus GmbH: high-performance plastics for the medical and automotive industries, industrial equipment. Sales: €82 million. Employees: 343; Saint-Gobain PPL MG Sil. Sales: €15.4 million. Employees: 126.

Saint-Gobain IndustrieKeramik Roedental: high-performance refractory products. Sales: €63.2 million. Employees: 399.

Saint-Gobain Ceramic Materials GmbH. Sales: €38.6 million. Employees: 42.

Saint-Gobain Schleifmittel GmbH and Saint-Gobain Abrasifs GmbH: industrial superabrasives and grinding wheels. Sales: €131.1 million. Employees: 698.

Saint-Gobain Isover G + H AG: mineral fibers and foams for thermal and acoustic insulation and fireproofing. Sales: €364.1 million. Employees: 1,182. These figures include Superglass Dämmstoffe GmbH: insulating materials distribution.

Saint-Gobain Rigips GmbH: plaster, plasterboard, insulation products and ceiling tiles. Sales: €274.2 million. Employees: 815.

Saint-Gobain PAM Deutschland GmbH: pipe systems for the building industry. Holding company. Sales: €106.9 million. Employees: 314. Subsidiaries:

- Saint-Gobain HES GmbH: ductile cast-iron pipes. Sales: €27.3 million. Employees: 29.

Saint-Gobain Building Distribution Deutschland GmbH: building materials distribution (258 outlets). Sales: €2 billion. Employees: 5,456.

Schäfer: roofing materials distribution.

Saint-Gobain Oberland AG (96.7%): listed on the Frankfurt, Munich and Stuttgart stock exchanges: glass containers (bottles and industrial jars). Sales: €387.4 million. Employees: 1,525. Subsidiaries:

- GPS Glas Produktions Service: machines for the glass containers industry. Sales: €10.5 million. Employees: 82.

Austria

Eckelt Glas GmbH: flat glass products. Sales: €36 million. Employees: 200.

Glas Ziegler. Sales: €20.3 million. Employees: 93.

Saint-Gobain Adfors Austria GmbH: paintable wall coverings. Sales: €13.7 million. Employees: 72.

Saint-Gobain Isover Austria AG: insulating materials. Sales: €38.6 million. Employees: 170.

Rigips Austria GmbH: plaster, plasterboard, insulation products and ceiling tiles. Sales: €60.7 million. Employees: 208.

Belgium

Saint-Gobain Glass Benelux SA: flat glass and flat glass products. Sales: €64.2 million. Employees: 292. Subsidiary:

- Saint-Gobain Glass Solutions Belgium. Sales: €65.1 million. Employees of subsidiaries: 353.

Saint-Gobain Sekurit Benelux SA: automotive glass products. Sales: €20.7 million. Employees: 16. Subsidiary:

- Saint-Gobain Autover Distribution SA. Sales: €102.7 million. Employees: 110.

Saint-Gobain Abrasives NV. Sales: €9.9 million. Employees: 16.

Saint-Gobain Matériaux Céramiques Benelux SA: silicon carbide and corundum for the refractory and abrasives industries. Sales: €27.4 million. Employees: 26.

Saint-Gobain Performance Plastics Chaineux SA and Saint-Gobain Performance Plastics Kontich NV: manufacture and sale of high-performance plastics. Sales: €46.1 million. Employees: 220.

Saint-Gobain Construction Products Belgium: plaster, plasterboard and insulation products. Sales: €131.3 million. Employees: 218.

Saint-Gobain Pipe Systems Belgium. Sales: €33.8 million. Employees: 28.

Luxembourg

Saint-Gobain Abrasives SA (Luxembourg): diamond-tipped tools, disks and drills, asphalt cutters for the construction and civil engineering industries. Sales: €11.3 million. Employees: 93.

Netherlands

Sas Van Gent Glasfabriek BV: reflective glass, enameled glass and tempered glass. Sales: €10.5 million. Employees: 84.

Koninklijke Saint-Gobain Glass Nederland: construction glass products manufacturing and distribution. Sales: €72.3 million. Employees: 329 (including subsidiaries).

Saint-Gobain Autover International BV: replacement automotive glass distribution. Sales: €29 million. Employees: 36.

Saint-Gobain Abrasives Nederland: holding company. Subsidiary:

- Saint-Gobain Abrasives BV: thin grinding wheels and coated abrasives. Sales: €126.4 million. Employees: 254.

Saint-Gobain Construction Products Nederland BV: plaster, plasterboard, insulation products, acoustic ceilings and paintable wall coverings. Sales: €136.1 million. Employees: 390.

Saint-Gobain Cultilène BV: glass wool and stone wool products for hydroponic (soil-less) cultivation. Sales: €31.5 million. Employees: 53.

Saint-Gobain Distribution The Netherlands BV: building materials distribution in the Netherlands (42 outlets). Sales: €299.5 million. Employees: 894.

Galvano Groothandel BV: plumbing and heating supplies distribution. Sales: €58 million. Employees: 120.

Van Keulen: interior solutions and fitted kitchens. Sales: €16.4 million. Employees: 47.

Saint-Gobain Nederland Beheer BV: holding company.

Saint-Gobain Nederland BV: finance company.

NORDIC COUNTRIES AND BALTIC STATES

Danemark

€1 = DKK 7.45792

Saint-Gobain Glass Nordic A/S: insulating and tempered glass. Sales: €27.6 million. Employees: 138.

Saint-Gobain Isover A/S: insulation products. Sales: €44.9 million. Employees: 191.

Saint-Gobain Ecophon A/S: acoustic products. Sales: €2.7 million. Employees: 21.

Gyproc A/S: plasterboard and ceiling tiles. Sales: €36.9 million. Employees: 134.

Finlande

Saint-Gobain Glass Finland Oy: construction and automotive glass products manufacturing and distribution. Sales: €22.5 million. Employees: 145.

Saint-Gobain Construction Products Finland: plaster, insulation products, acoustic products. Sales: €110 million. Employees: 393.

Saint-Gobain Pipe Systems Oy: pipe systems. Sales: €17.2 million. Employees: 32.

Norway

€1 = NOK 7.80529

Saint-Gobain Bockmann A/S: insulating glass and replacement glass. Sales: €58.3 million. Employees: 272.

Saint-Gobain Ceramic Materials A/S: silicon carbide products. Sales: €47.8 million. Employees: 210.

Gyproc A/S: plaster and plasterboard products. Sales: €33.7 million. Employees: 71.

Saint-Gobain Byggevarer A/S: pipe systems and industrial mortars. Sales: €119.1 million. Employees: 271.

Sweden

€1 = SEK 8.65070

Saint-Gobain Emmaboda Glas AB: insulating and tempered glass. Sales: €29.2 million. Employees: 140.

Saint-Gobain Sekurit Scandinavia AB: tempered and laminated automotive glass. Sales: €65.7 million. Employees: 166.

Saint-Gobain Autover Direktglas AB: replacement glass. Sales: €15.8 million. Employees: 59.

Saint-Gobain Abrasives AB: abrasives. Sales: €19.5 million. Employees: 26.

Gyproc AB: plaster and plasterboard products. Sales: €53.2 million. Employees: 116.

Scanpac: plaster. Sales: €29.8 million. Employees: 52.

Saint-Gobain Isover AB: insulation products. Sales: €100.2 million. Employees: 377.

Saint-Gobain Ecophon AB: acoustic ceilings. Sales: €184.7 million. Employees: 418.

Saint-Gobain Distribution Nordic AB: holding company for plumbing, heating and construction materials distribution activities under the Dahl and Optimera brands in Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania and Romania (424 outlets). Sales: €3.6 billion. Employees: 7,509.

Estonia

Saint-Gobain Glass Eesti A/S: replacement windshields, construction glass products manufacturing and distribution. Sales: €61.6 million. Employees: 540.

Saint-Gobain Ehitustooted Eesti A/S: insulation products, plasterboard and industrial mortars. Sales: €25 million. Employees: 53.

Latvia

€1 = LVL 0.70146

SIA Saint-Gobain Celtniecibas Produkti: insulation products, plasterboard and industrial mortars. Sales: €9.9 million. Employees: 22.

Lithuania

€1 = LTL 3.4528

UAB Saint-Gobain Statybos Gaminiai: insulation products, plasterboard and industrial mortars. Sales: €11.2 million. Employees: 47.

POLAND, BULGARIA AND ROMANIA

Poland

€1 = PLN 4.19704

Saint-Gobain Glass Polska Sp Zoo (Flat Glass): flat glass, glass products for household appliances and photovoltaic glass. Sales: €159.7 million. Employees: 661. Subsidiary:

- Saint-Gobain Polska Sp Zoo: construction glass and furniture glass products manufacturing and distribution. Sales: €78.7 million. Employees: 777.

Saint-Gobain Sekurit Hanglas Polska Sp Zoo: automotive and other transportation glass. Sales: €220.7 million. Employees: 1,625.

Saint-Gobain HPM Polska Sp Zoo: glass veil, high-performance plastics and abrasive grinding wheels. Sales: €113.4 million. Employees: 842.

Saint-Gobain Construction Products Polska: plaster, plasterboard, insulation products, ceiling tiles, piping systems and industrial mortars. Sales: €162 million. Employees: 848.

Saint-Gobain Polska (Building Distribution): building materials distribution (73 outlets). Sales: €185.6 million. Employees: 817.

Bulgaria

€1 = BGL 1.9558

Saint-Gobain Construction Product Eood: plaster, plasterboard, insulation products and industrial mortars. Sales: €13.6 million. Employees: 97.

Romania

€1 = RON 4.41944

Saint-Gobain Glass Romania SRL: flat glass. Sales: €68.3 million. Employees: 255.

Saint-Gobain Construction Products Romania SRL: plaster, plasterboard and stone wool manufacturing, pipe systems distribution, industrial mortars manufacturing and marketing. Sales: €61.7 million. Employees: 501.

CZECH REPUBLIC, SLOVAKIA, HUNGARY AND EAST-ADRIATIC COUNTRIES

Czech Republic

€1 = CZK 25.98753

Saint-Gobain Sekurit CR Spol S.R.O.: laminated glass for the automotive industry. Sales: €81.3 million. Employees: 570.

Saint-Gobain Adfors CZ S.R.O.: Sales: €219 million. Employees: 1,517 (including subsidiaries).

Saint-Gobain Abrasives S.R.O.: abrasives distribution. Sales: €8.5 million. Employees: 33.

Saint-Gobain Construction Products CZ S.R.O.: plaster, plasterboard, insulation products, stone wool insulating materials and ceiling tiles. Sales: €146.7 million. Employees: 761.

Saint-Gobain PAM CZ S.R.O.: foundry. Sales: €22.2 million. Employees: 125.

Saint-Gobain Building Distribution CZ: building material, tile and sanitaryware distribution (51 outlets). Sales: €89.1 million. Employees: 516.

Slovakia

1 euro = 296.93425 forints

Nitrasklo A.S.: construction glass products manufacturing and distribution. Sales: €12.3 million. Employees: 109.

Saint-Gobain Construction Products Slovakia: manufacturing of plaster, plasterboard, insulation and ceiling tile products, pipe systems distribution, industrial mortars manufacturing and marketing. Sales: €46.1 million. Employees: 211.

Hungary

€1 = HUF 296.93425

Saint-Gobain Construction Products Hungaria: plaster, plasterboard, insulation products and industrial mortars. Sales: €33.7 million. Employees: 177.

Saint-Gobain Distribution of Construction Materials Hungary: building materials distribution (30 outlets). Sales: €42.1 million. Employees: 293.

RUSSIA, UKRAINE AND CIS COUNTRIES

Russia

€1 = RUB 42.32265

Saint-Gobain Construction Products Russia: insulation products, plaster, plasterboard and industrial mortars. Sales: €259.4 million. Employees: 854.

Zao Zavod Minplita. Sales: €31.3 million. Employees: 355.

Kavminsteklo Zao (97.5%): glass containers. Sales: €36.9 million. Employees: 530.

Kamyshinsky Steklotarny (95.5%): glass containers. Sales: €45.5 million. Employees: 541.

Ukraine

€1 = UAH 10.83146

Saint-Gobain Construction Products Ukraine: insulation products, plaster and plasterboard. Sales: €10.8 million. Employees: 50.

Consumers Sklo Zorya (96.7%): glass containers. Sales: €45.5 million. Employees: 573.

SPAIN, PORTUGAL, MOROCCO AND ALGERIA

Spain

Saint-Gobain Cristalería SA: construction glass, automotive glass, insulation materials (glass wool and stone wool) and photovoltaic glass. Sales: €326.7 million. Employees: 1,124. Subsidiaries:

- Saint-Gobain Autover: replacement automotive glass distribution.
- Saint-Gobain Wanner: thermal and acoustic insulation. Sales: €13.3 million. Employees: 192.
- Industrias del Cuarzo (Incusa): sand quarry. Sales: €14.3 million. Employees: 47.
- La Veneciana Iberiaglass S.L. Sales: €28.7 million. Employees: 174.
- La Veneciana: flat glass product and mirror glass manufacturing, distribution and installation. Sales: €25.9 million. Employees: 139.

Saint-Gobain Abrasivos: abrasive grinding wheels. Sales: €29 million. Employees: 121.

Saint-Gobain Performance Plastics España: manufacture and sale of high-performance plastics. Sales: €5.8 million. Employees: 45.

Saint-Gobain Adfors España. Sales: €11 million. Employees: 65.

Saint-Gobain Placo Iberica SA: plasterboard. Sales: €101.6 million. Employees: 490.

Saint-Gobain Transformados: mineral wool transformation and production for the acoustic and hydroponics markets. Sales: €11.8 million. Employees: 39.

Saint-Gobain PAM España SA: ductile cast-iron pipes. Sales: €72.1 million. Employees: 232. Subsidiary:

- Saniplast: distribution of pipes and accessories. Sales: €27.9 million. Employees: 124.

Saint-Gobain Vicasa SA: glass containers (bottles and industrial jars). Sales: €294.1 million. Employees: 989. Subsidiary:

- Vidrieras Canarias (41%): glass containers. Sales: €22.5 million. Employees: 88.

Portugal

Saint-Gobain Glass Portugal Vidro Plano SA: construction glass, construction glass products, glass for household appliances. Sales: €27.7 million. Employees: 19. Subsidiary:

- Covipor-CIA Vidreira do Norte, Covilis and EVI-Pruducao de Energia: construction glass products. Sales: €21.9 million. Employees: 68.

Saint-Gobain Sekurit Portugal Vidro Automovel SA: automotive glass products. Sales: €38.9 million. Employees: 158. Subsidiary:

- Saint-Gobain Autover Portugal (60%): replacement automotive glass distribution. Sales: €11.3 million. Employees: 112.

Saint-Gobain Abrasivos Lda: abrasives distribution. Sales: €7.5 million. Employees: 29.

Saint-Gobain PAM Portugal SA: pipe distribution. Sales: €14 million. Employees: 16.

Saint-Gobain Mondego SA: glass containers (bottles and industrial jars). Sales: €92.2 million. Employees: 239.

Morocco

€1 = 11.16504 MAD

Saint-Gobain Abrasivos Lda (85%): abrasives distribution. Sales: €9.5 million. Employees: 94.

Algeria

€1 = 105.6952 DZD

Alver SPA (99.4%): glass containers. Employees: 372.

UNITED KINGDOM, REPUBLIC OF IRELAND AND SOUTH AFRICA

United Kingdom

€1 = GBP 0.84919

Saint-Gobain Glassolutions Ltd: construction glass products manufacturing, distribution and installation (tempered glass, laminated glass, mirrors, insulating glass). Network of 20 sites, including 7 production facilities, throughout the UK. Sales: €133.2 million. Employees: 977.

Saint-Gobain Glass UK Ltd: flat glass and flat glass products. Sales: €76.5 million. Employees: 200.

Saint-Gobain Ceramics & Plastics Plc: holding company. Subsidiaries:

- Saint-Gobain Industrial Ceramics Ltd: high-temperature insulating fiber and refractory products. Sales: €7.9 million. Employees: 53.
- Saint-Gobain Performance Plastics Corby and Saint-Gobain Performance Plastics Tygaflor Ltd: heat-resistant hose, tubing and bundles for beverage-dispensing applications. Sales: €18.7 million. Employees: 43.

Rencol Tolerance Rings Ltd. Sales: €16.8 million. Employees: 119.

Saint-Gobain Abrasives Ltd. Sales: €41.7 million. Employees: 190. Bonded and coated abrasives, superabrasives (through various subsidiaries).

British Plaster Board (BPB Plc): plasterboard, construction plaster, other specialty plasters, insulation products and acoustic products. Sales: €522.8 million. Employees: 1,590 (including subsidiaries).

Celotex Group: Sales: €106.4 million. Employees: 172.

Saint-Gobain PAM Ltd: ductile cast-iron pipes and hydraulic connectors for water and sewer networks; hydraulic valves; cast-iron and steel municipal castings, cast-iron construction products. Sales: €92.2 million. Employees: 380.

Saint-Gobain Building Distribution Ltd: holding company for building materials distribution (979 outlets in the United Kingdom and the Republic of Ireland). Sales: €2.7 billion. Employees: 11,895 (including subsidiaries).

Republic of Ireland

Saint-Gobain Performance Plastics Ireland: PTFE and silicone-coated fabrics, adhesive tapes. Sales: €21.9 million. Employees: 80.

Gypsum Industries Ltd Ireland: manufacturing of plaster, plasterboard, ceiling tiles, manufacturing and marketing of insulation products. Sales: €45.8 million. Employees: 148.

South Africa

€1 = ZAR 12.83012

Saint-Gobain Abrasives Pty Ltd: coated abrasives, superabrasives, grinding wheels. Sales: €4.4 million. Employees: 93.

Saint-Gobain Construction Products South Africa Ltd: manufacturing of plaster, plasterboard, ceiling tiles, pipe systems and industrial mortars, manufacturing and marketing of insulation products. Sales: €134.8 million. Employees: 1,018.

Donn South Africa Ltd (66,7%): plasterboard and ceiling tiles. Sales: €12 million. Employees: 91.

Saint-Gobain Pipelines South Africa: cast-iron parts. Sales: €10.5 million. Employees: 238.

ITALY, GREECE, EGYPT AND TURKEY

Italy

Saint-Gobain Glass Italia SpA: flat glass and flat glass products. Sales: €87.1 million. Employees: 267.

Saint-Gobain Sekurit Italia S.R.L: automotive glass products. Sales: €64.4 million. Employees: 240. Subsidiaries:

- S.G. Autover Italia S.R.L.
- Sicurglass Sud S.R.L. Combined sales of the two subsidiaries: €40.6 million. Employees: 223.

Saint-Gobain Euroveder Italia SpA: tempered glass for household appliances. Sales: €21.8 million. Employees: 140.

Saint-Gobain Abrasivi SpA: abrasive grinding wheels. Sales: €73.7 million. Employees: 315.

SEPR Italia SpA: fused-cast refractory products. Sales: €27.2 million. Employees: 146.

Saint-Gobain PPC Italia SpA: insulation products and sealing products (roofing materials, glass veil siding), plaster, plasterboard, ceiling tiles and industrial mortars. Sales: €219.2 million. Employees: 644.

Saint-Gobain PAM Italia SpA: ductile cast-iron pipes. Sales: €56.7 million. Employees: 88.

Vemac S.R.L: building materials distribution (11 outlets). Sales: €39.8 million. Employees: 144.

Saint-Gobain Vetri SpA: glass containers (bottles and industrial jars). Sales: €512.5 million. Employees: 1,179. These figures include Ecoglass: cullet collection and processing.

Greece

Autover Hellas. Sales: €5.7 million. Employees: 29.

Saint-Gobain Hellas ABEE: plaster manufacturing and marketing and pipe distribution. Sales: €8.2 million. Employees: 46.

Egypt

€1 = EGP 9.13058

Saint-Gobain Glass Egypt (69.2%): flat glass and flat glass products. Employees: 313.

BPB Placo Egypt for Industrial Investments Sae: plaster. Employees: 428.

Turkey

€1 = TRY 2.53287

Doganer Alci Madencilik Enerji: plasterboard products. Sales: €25.5 million. Employees: 102.

Izocam (47.5%): glass wool and stone wool. Sales: €137 million. Employees: 436.

Saint-Gobain Rigips Alci: plaster. Sales: €21 million. Employees: 104.

Saint-Gobain Weber Yapi: industrial mortars. Sales: €56.5 million. Employees: 279.

OTHER EUROPEAN COUNTRIES

Switzerland

€1 = CHF 1.23089

Vetrotech Saint-Gobain International AG: glass ceramic hobs and construction glass. Sales: €133.7 million. Employees: 296.

Saint-Gobain Isover SA: insulation products manufacturing and marketing, fiberglass reinforcements distribution. Sales: €44.8 million. Employees: 162.

Rigips AG: plaster, plasterboard, insulation products and ceiling tiles. Sales: €70.5 million. Employees: 177.

KBS AG: industrial mortars. Sales: €32.4 million. Employees: 35.

Sanitas Troesch AG: fitted bathrooms and kitchens distribution (32 outlets). Sales: €465.6 million. Employees: 980.

International Saint-Gobain: holding company.

NORTH AMERICA

United States

€1 = USD 1.32807

Saint-Gobain Corporation: holding company.

CertainTeed Corporation: insulation products and building materials, including:
- roofing shingles for the homebuilding and renovation market;
- roofing products for the commercial building market;
- siding;
- roofing granules;
- PVC pipe and exterior products (fencing, decking and railings);

Subsidiary:
- CertainTeed Ceilings: acoustic ceiling distribution.

Sales: €2 billion. Employees: 4,202.
CertainTeed Corporation sales and employees include CertainTeed Reinforcement Glass Materials, CertainTeed Ceilings and GS Roofing.

Saint-Gobain Glass Corporation: holding company. Subsidiaries:
- HCS Corporation, Vetrotech Saint-Gobain North America Inc. Total sales by the subgroup: €36.9 million. Employees: 61.
- Sage Electrochromics Inc. (100%): electrochromic glass. Employees: 148.

Saint-Gobain Autover Inc: replacement glass. Total sales by the subgroup: €10.5 million. Employees: 9.

EuroKera North America (50%): glass ceramic hobs. Sales: €21.1 million. Employees: 51.

Saint-Gobain Abrasives, Inc.: bonded abrasives, coated abrasives and superabrasives. Sales: €574.7 million. Employees: 2,885. These figures include Saint-Gobain Universal Superabrasives, Inc. and its main subsidiaries in the United States, Canada, Mexico and New Zealand.

Saint-Gobain Ceramics & Plastics, Inc.: technical ceramics, chemical process products, high-performance plastics, fused-cast refractory products, special ceramic grains and silicon carbide products (businesses conducted directly or through subsidiaries). Sales: €1.1 billion. Employees: 4,520.

Saint-Gobain Adfors America: industrial reinforcements. Sales: €98.4 million. Employees: 340.

Norandex Building Material Distribution: building materials distribution and vinyl siding production (104 outlets). Sales: €291.4 million. Employees: 787.

Meyer International Inc. Sales: €46.5 million. Employees: 194.

CertainTeed Gypsum & Ceilings USA: plaster, plasterboard and ceiling tiles. Sales: €376.1 million. Employees: 787.

Saint-Gobain Containers Inc.: glass containers (bottles and jars). Sales: €1.2 billion. Employees: 4,173. Subsidiaries:
- GPS America. Sales: €30.3 million. Employees: 66.

Canada

€1 = CAD 1.36832

Saint-Gobain Adfors Canada Ltd: industrial door and window parts. Sales: €14.9 million. Employees: 75.

Saint-Gobain Ceramic Materials Canada Inc.: abrasive grains. Sales: €18.3 million. Employees: 35.

Decoustics: acoustic products. Sales: €15.5 million. Employees: 94.

CertainTeed Gypsum Canada, Inc.: plasterboard. Sales: €221.1 million. Employees: 558.

CertainTeed Insulation: insulation products. Sales: €36.6 million. Employees: 221.

MEXICO, COLOMBIA, ECUADOR, PERU, VENEZUELA AND CENTRAL AMERICA

Mexico

€1 = MXN 16.96254

Saint-Gobain Mexico: flat glass and flat glass products, automotive glass and tempered glass for household appliances. Sales: €277.2 million. Employees: 1,704.

Saint-Gobain America (Mexico): insect screens and coated abrasives. Sales: €68.9 million. Employees: 824.

Saint-Gobain Gypsum SA de CV. Sales: €9 million. Employees: 84.

Colombia

€1 = COP 2.48307

Saint-Gobain Sekurit de Colombia (94.9%): automotive and construction glass. Sales: €15.2 million. Employees: 168.

Saint-Gobain Abrasivos Colombia: coated abrasives and grinding wheels. Sales: €19.9 million. Employees: 94.

FiberGlass Colombia: glass wool for the building and manufacturing industries. Sales: €23.6 million. Employees: 191.

PAM Colombia SA: water supply pipe distribution. Sales: €11.9 million. Employees: 13.

Venezuela

€1 = VEF 8.04987

Saint-Gobain Abrasivos CA: coated abrasives and grinding wheels. Sales: €13.4 million. Employees: 86.

Saint-Gobain Materiales Cerámicos CA: silicon carbide. Sales: €12.2 million. Employees: 45.

Fibras Fivenglass SA: insulation products distribution. Sales: €2.3 million. Employees: 12.

BRAZIL, ARGENTINA AND CHILE

Brazil

€1 = BRL 2.86699

Saint-Gobain Do Brasil Ltda: construction and automotive glass and glass products, fiberglass insulation, reinforcement products, ceramic products, plastics, grains and powders, high-performance plastics, bonded and coated abrasives, refractory products, silicon carbide and tile adhesives. Sales: €1.1 billion. Employees: 6,117. Subsidiaries:

- Mineraçao Jundu (50%): quarry operator. Sales: €22.4 million. Employees: 168.
- Cebrace (50%): flat glass and flat glass products. Sales: €415.9 million.
Employees: 1,118.

Placo Do Brasil (55%): plaster and plasterboard products. Sales: €64.8 million. Employees: 229.

Saint-Gobain Vidros SA: glass containers (bottles and industrial jars). Sales: €138.1 million. Employees: 702.

Saint-Gobain Canalização: ductile cast-iron pipes and connectors. Sales: €196.6 million. Employees: 1,281.

Saint-Gobain Distribuiçao Brasil Ltda: building materials distribution (38 outlets). Sales: €484.5 million. Employees: 3,460.

Argentina

€1 = ARS 7.27522

Vidriería Argentina (VASA) (49%): construction glass. Sales: €64.9 million. Employees: 183.

Saint-Gobain Abrasivos Argentina and Abrasivos Argentina: bonded abrasives, coated abrasives and masking tape. Sales: €55.9 million. Employees: 467.

Saint-Gobain Argentina SA: plaster, plasterboard, fiberglass insulation and reinforcement products, automotive glass distribution and pipe product and industrial mortar marketing. Sales: €143.6 million. Employees: 599.

Rayen Cura Saic (60%): glass containers (bottles). Sales: €104.5 million. Employees: 382.

Chile

€1 = CLP 658.23079

Inversiones Float Chile Ltda (49%): flat glass and flat glass products. Subsidiary:

- Vidrios Lirquen (51.5%): flat glass and flat glass products. Sales: €24.2 million. Employees: 110.

Saint-Gobain Envases SA: glass containers (bottles). Sales: €28.3 million. Employees: 178.

ASIA-PACIFIC

Australia

€1 = AUD 1.37696

Saint-Gobain Abrasives Australia Pty Ltd. Sales: €62.3 million. Employees: 225.

China

€1 = CNY 8.16502

Saint-Gobain Hanglas Sekurit Shanghai Co. Ltd: automotive and photovoltaic glass products. Sales: €153.5 million. Employees: 885.

Saint-Gobain Glass Co. Ltd. Sales: €37 million. Employees: 155.

Qingdao Saint-Gobain Hanglas Clfg Co. Ltd. Sales: €33.6 million. Employees: 184.

EuroKera Guangzhou Co. Ltd (50%): glass ceramic hob finishing products.

Kunshan Yongxin Glassware Co. Ltd (60%). Sales: €25.9 million. Employees: 355.

SEPR Beijing (87.8%): fused-cast refractory products. Sales: €19.7 million. Employees: 329.

Saint-Gobain PPL Shanghai. Sales: €71.8 million. Employees: 415.

Saint-Gobain Abrasives Shanghai and Saint-Gobain Abrasives Suzhou: abrasive grinding wheels. Sales: €105.8 million. Employees: 633.

Saint-Gobain Proppants Guanghan Ltd. Sales: €27.3 million. Employees: 195.

Saint-Gobain Ceramic Materials (Zhengzhou). Sales: €26 million. Employees: 242.

Saint-Gobain Zirpro Handan Co Ltd. Sales: €27.8 million. Employees: 202.

Saint-Gobain Gypsum (Changzhou): plaster. Sales: €29.1 million. Employees: 139.

Saint-Gobain Gypsum Materials Shanghai: plaster. Sales: €31.5 million. Personnel : 168.

Saint-Gobain Isover Gu An. Sales: €9.1 million. Employees: 133.

Saint-Gobain Pipelines Co. Ltd: ductile cast iron pipes. Sales: €160.7 million. Employees: 898.

Saint-Gobain Foundry Co. Ltd. Sales: €11.4 million. Employees: 166.

DIP: ductile cast iron pipes. Sales: €60.1 million. Employees: 404.

Saint-Gobain (Xuzhou) Pipe Co. Ltd (Xuzhou General Iron and Steel Works): liquid cast iron production. Subsidiary:

- Xuzhou Everbright Ductile Iron Pipes Ltd. Sales: €211.1 million. Employees: 1,928.

Saint-Gobain Pipelines (Xuzhou) Co. Ltd: Sales: €162.8 million. Employees: 635.

South Korea

€1 = KRW 1.45385

Hankuk Glass Industries Inc. (77%): listed on the Seoul stock exchange: flat glass. Sales: €161.3 million. Employees: 305. Subsidiaries:

- Hankuk Sekurit Limited (99.9%): automotive glass products. Sales: €134.2 million. Employees: 332.
- Hankuk Haniso. Sales: €58.6 million. Employees: 108.

Saint-Gobain PPL Korean Co. Ltd. Sales: €28.5 million. Employees: 89.

Indonesia

€1 = IDR 13,858.81822

PT Cipta Mortar Utama (51%): industrial mortars. Employees: 200.

PT Prima Rezeki Pertiwi (51%): industrial mortars. Employees: 133.

Saint-Gobain Winter Diamas (75%). Sales: €13.5 million. Employees: 319.

Japan

€1 = JPY 129.655

Saint-Gobain K.K.: automotive glass, superabrasives, technical ceramics and high-performance plastics. Sales: €110.6 million. Employees: 250.

Saint-Gobain TM KK (60%): glass furnace refractories. Sales: €37.9 million. Employees: 175.

MAG Isover K.K. (99.9%): glass wool. Sales: €179.6 million. Employees: 411.

Malaysia

€1 = MYR 4.18547

Saint-Gobain Construction Products Malaysia Sdn: plaster. Sales: €29.4 million. Employees: 146.

Singapore

€1 = SGD 1.66175

Saint-Gobain (SEA) Pte Ltd. Sales: €16 million. Employees: 53.

Rencol MMI Technology Pte Ltd (51%): high-performance plastics. Sales: €6.4 million. Employees: 22.

Thailand

€1 = THB 40.82175

Saint-Gobain Sekurit Thailand (95%): automotive glass products. Sales: €82.6 million. Employees: 527.

Saint-Gobain Abrasives Thailand Ltd. Sales: €13.6 million. Employees: 157.

Thai Gypsum Products Plc (99.7%): plaster and plasterboard. Sales: €78.6 million. Employees: 392. Subsidiaries:

- Bpb Asia Ltd.

Vietnam

€1 = VND 27,936.27616

Saint-Gobain Construction Products Vietnam: plaster. Sales: €29 million. Employees: 143.

INDIA, SRI LANKA AND BANGLADESH

India

€1 = INR 77.87051

Saint-Gobain Glass India Ltd (98.7%): flat glass and flat glass products. Sales: €245.9 million. Employees: 1,479.

Saint-Gobain Sekurit India Ltd (74.8%): listed on the Mumbai stock exchange: construction and automotive glass products. Sales: €13.4 million. Employees: 194.

Grindwell Norton Ltd (51.6%): listed on the Mumbai stock exchange: abrasives, ceramics and high-performance plastics. Sales: €117.5 million. Employees: 1,615.

SEPR Refractories India Ltd: fused-cast refractory products. Sales: €30.7 million. Employees: 533.

Saint-Gobain Crystals & Detectors India Ltd. Sales: €6.2 million. Employees: 112.

Saint-Gobain Gyproc India Ltd (99.8%): plaster and plasterboard. Sales: €77.9 million. Employees: 461.

STATEMENT

Statement by the person responsible for the Registration Document and the Annual Financial Report

"I hereby declare that, to the best of my knowledge, and having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of Compagnie de Saint-Gobain and the undertakings in the consolidation taken as a whole, and that the management report (p. 51-124) includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

I obtained a statement from the Statutory Auditors at the end of their audit in which they confirm that they verified the information regarding the financial position and the accounts contained herein, and read the entire Registration Document."

Courbevoie,
March 27, 2014

Pierre-André de Chalendar

Chairman and Chief Executive Officer

TABLE OF CONCORDANCE

For the convenience of readers of this Registration Document, the following table provides an index to the main disclosures required by Annex 1 of European Commission Regulation (EC) 806/2004.

The following information is incorporated by reference in the Registration Document:

- The consolidated financial statements and the parent company financial statements for the year ended December 31, 2012 and the Statutory Auditors' reports on the consolidated financial statements and the parent company financial statements for the same period, and the Group management report, which are contained in Registration Document filed with the *Autorité des Marchés Financiers* on March 28, 2013 under no. D.13-0235.

- The consolidated financial statements and the parent company financial statements for the year ended December 31, 2011 and the Statutory Auditors' reports on the consolidated financial statements and the parent company financial statements for the same period, and the Group management report, which are contained in Registration Document filed with the *Autorité des Marchés Financiers* on March 23, 2012 under no. D.12-0212.

For the convenience of readers of the Annual Financial Report, the following table provides an index to the main disclosures required by article L.451-1-2 of the French Monetary and Financial Code.

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This document is available online at **www.saint-gobain.com**

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