SAINT-GOBAIN

PRESS release

Sharp upswing in 2010 results

Paris, February 24, 2011 - Publication of sales for the fourth quarter of 2010 and of results for the year ended December 31, 2010.

KEY FIGURES *(€m)*	2009	**2010**	**Change 2010/2009**
Sales	37,786	**40,119**	**+6.2%**
Operating income	2,216	**3,117**	**+41%**
Recurring net income[1]	617	**1,335**	**+116%**
Net income	202	**1,129**	**+459%**

<u>2010 dividend:</u> €1.15 (up 15%), paid entirely **in cash**

<u>Results of 2010 action plan:</u>

- Sales prices: up 0.8% over the year; up 1.4% over the second half
- Cost savings: €600m over the year; €2.1bn between 2007 and 2010
- Strong growth in operating income (at constant exchange rates*): up 33.7%, with second-half operating income <u>significantly</u> outperforming (up 15.7%) the first-half figure
- Free cash flow[2]: up 51% to €1.5bn, despite the rise in capex
- Ongoing fall in net debt: €1.4bn of net debt paid down over 12 months; gearing ratio cut to 39% of equity

Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, commented:

"In 2010, in a global economy still recovering from the crisis, our sales volumes got back on an upward trend and our priority focus on sales prices paid off. We delivered a sharp upswing in our results, driven in particular by the significant cost savings achieved over the past few years.
*Overall **<u>in 2011</u>**, we expect to see more upbeat trading conditions in our key markets (particularly new-build and renovation markets in Europe). Nevertheless, we will see a sharp rise in raw material and energy costs that we will endeavor to limit by pursuing our priority focus on raising sales prices. Against this backdrop, **Saint-Gobain is targeting <u>robust organic growth</u> and <u>double-digit growth in operating income** for 2011.</u>***
*Leveraging its financial strength, the Group will resolutely adopt a tempered development policy to boost this return to growth. It will step up its capital expenditure and financial investments, targeting emerging countries and high value-added Habitat solutions. Given an increase in its capital expenditure of €500 million in 2011, **Saint-Gobain is targeting <u>free cash flow of €1.3 billion</u>**."*

* Exchange rates for 2009.
** Exchange rates for 2010.
1. Excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.
2. Excluding the tax effect of capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

Operating performance

Against the backdrop of a global economy still recovering from the crisis, **the Group returned to growth in 2010, reporting a 1.9% increase in like-for-like sales (comparable Group structure and exchange rates)**. This performance was driven by robust momentum in emerging countries and Asia and by vigorous trading in industrial markets. Construction markets remained rather sluggish on the whole in North America, but improved steadily over the year in both Western and Eastern Europe, and particularly in the UK, Germany and Scandinavia (which represent almost half of the Group's construction sales in Western Europe). Household consumption remained relatively stable over the year.

Overall, the Group reported **1.9% organic growth** for 2010, breaking down as **1.0% growth in the first half** (positive volume and price impacts of 0.9% and 0.1%, respectively), and **2.8% growth in the second half** (with both volumes and prices up 1.4%). Despite severe weather conditions in Europe at the end of the year, **organic growth accelerated between the third and fourth quarters**, from 2.3% to **3.3%. Sales prices held firm over the year in all Business Sectors**, offsetting the rise in the cost of raw materials and energy at Group level.

Against this backdrop, **Saint-Gobain resolutely implemented all of its action plan priorities and outperformed each of its targets**:

- sales prices were increased by 1.4% in the second half and by 0.8% over the year;

- costs were slashed by €600 million, driving a sharp 40.7% increase in operating income, which came in 15.7% higher in the second half than in the six months to June 30, 2010. **The Group's operating margin widened sharply, up to 7.8% of sales** from 5.9% in 2009. In the **second half, the operating margin came in at 8.1%, outperforming its second-half 2008 level** (7.6%), even though sales volumes remained 9.4% below their level in the second half of 2008;

- the Group generated €1.5 billion in free cash flow and further reduced net debt by €1.4 billion, thereby reinforcing its cash resources and strong financial structure.

1) Performance of Group Business Sectors

Innovative Materials delivered **the Group's best organic growth performance**, at 12.3%. The Business Sector reported double-digit growth in both the first and second halves of 2010, despite a much tougher basis for comparison over the six months to December 31. Markets related to industrial output confirmed their recovery throughout the year, both in North America and Western Europe. The Sector was also buoyed by very strong 21.6% organic growth over the year in Asia and emerging countries, which represent 37.6% of its sales. Together with the impact of the Group's cost savings programs, this helped drive a **steep rise in the Sector's operating margin, which came in at 11.0%** compared with 4.7% in 2009. **The operating margin for the second half was 11.6%** (6.7% in second-half 2009), ahead of the 11.5% achieved in second-half 2008.

- **Flat Glass reported an 8.4% rise in like-for-like sales** over the year, spurred by vigorous growth in Asia and emerging countries (41.5% of Flat Glass sales), as well as the strong rebound in worldwide automotive output. Sales of Flat Glass for the building industry in Western Europe picked up gradually as from the second quarter in Germany, France and Italy, but remained slack in other countries. Sales prices for the Flat Glass Sector as a whole got back on an upward trend in the second half, thanks largely to the increase in commodity prices (float glass) in Europe. **All of these factors**, together with the cost savings achieved, **pushed the operating margin up to 8.4% of sales (9.0% in the second half** and 7.8% in the first), **far more than double the figure for 2009** (3.4% of sales).

- **High-Performance Materials (HPM) like-for-like sales surged 17.9% over the year and 16.8% in the second half**. Overall, industrial output and capital expenditure remained upbeat throughout the year, significantly picking up pace in both Western and Eastern Europe during the second half. Consequently, although HPM like-for-like sales remained below their pre-crisis level, **upbeat sales prices and fixed cost savings provided the operating margin with very strong operating leverage, putting it back on a par with previous record levels**, **at 14.3% of sales in 2010** (compared with 6.6% of sales in 2009), **and 15.1% of sales in the second half.**

Like-for-like sales for the Construction Products (CP) Business Sector remained stable over the year as a whole and in the second half, with improved second-half trading conditions in Western and Eastern Europe offset by the fall in sales in the United States (due to inventory run-downs by distributors in the third quarter). However, Construction Products sales **improved further in the fourth quarter (up 3.7%) across all regions, and particularly Eastern Europe**. **The Business Sector's operating margin continued to rise, up to 9.7%** from 9.5% in 2009, bolstered by the cost savings achieved and upbeat sales prices – particularly in the six months to December 31.

- **Like-for-like Interior Solutions sales slipped 1.8% over 2010,** despite an 0.1% advance in the second half of the year driven by the fledgling recovery in Western and Eastern Europe and healthy sales prices. Markets in Asia and Latin America continued to enjoy robust growth throughout the year, while US construction markets remained in the doldrums. **The operating margin continued to improve, up to 7.3% in 2010** (7.7% in the second half) versus 6.8% in 2009.

- Like-for-Like **Exterior Solutions sales edged up 1.7%** over the year, bolstered by a further rise in sales prices for all of its components (Industrial Mortars, Exterior Products and Pipe). Sales volumes were broadly stable for 2010 as a whole, with vibrant trading in Asia and Latin America offset by a slowdown in business in both Western and Eastern Europe. Trading conditions in North America remained sluggish. However, fourth-quarter volumes were up sharply across the business, particularly in Eastern Europe. **The operating margin repeated its good 2009 performance, coming in at 11.8% of sales** despite the hike in raw material costs – especially in the second half.

Building Distribution saw a slight 1.5% decline in year-on-year trading, due to ongoing tough conditions in the first half. The Business Sector got back on the growth track in the second half of 2010 (up 1.0%), despite severe weather conditions at the end of the year. This uptrend was chiefly fueled by a gradual recovery in Germany, the UK and Scandinavia as from March (each of these countries delivering robust growth in the second half of the year). Trading in France was slightly down over the year as a whole, despite picking up in the six months to December 31. The downturn continued across Southern Europe and the United States, in spite of more favorable comparative figures. **The operating margin for the Business Sector improved, up to 3.3% of sales (4.2% in the second half)** from 2.4% of sales in the year-earlier period, mainly reflecting the impacts of streamlining measures, cost savings and a higher gross margin.

Packaging (Verallia) continued to report robust trading conditions and earnings, which remained virtually stable year-on-year. **Nevertheless, the Business Sector's operating margin narrowed slightly to 12.2% of sales** (12.7% of sales in 2009), with the sharper rise in sales prices in the second half failing to fully offset, over the year as a whole, the slowdown in volumes across Europe and to a lesser extent, the rise in energy costs.

2) Analysis by geographic area

In 2010 as well as the six months to December 31, 2010, the Group's organic growth performance continued to be led by Asia and emerging countries, which delivered double-digit organic growth over both periods. However, business in North America and Western Europe began to improve overall, with trading picking up pace in Western Europe in the second half of the year.

Profitability improved sharply across all regions.

- In **France**, trading was close to 2009 levels, in spite of a particularly weak performance in the first quarter due to very cold winter weather. Despite a gradual improvement over the year, construction markets remained relatively tough. In contrast, industrial markets proved fairly upbeat. The **operating margin for France improved sharply, up to 6.3% from 5.5% in 2009.**

- Like-for-like **sales in other Western European countries** remained stable over the year, with modest 2.1% growth in the second half more than offsetting the 1.7% contraction in the six months to June 30. Construction markets confirmed their gradual recovery throughout the second half, led by a stronger growth momentum in Germany and Scandinavia and a relative improvement in Spain. Thanks to the cost savings achieved since the onset of the crisis, **the operating margin for the region surged to 5.9%** (6.7% in the second half), **compared to 4.4% in 2009** (5.6% in the six months to December 31, 2009).

- Trading in **emerging countries and Asia** (18.7% of Group sales) remained vigorous, with **organic growth picking up pace** in the second half (up to 13.0% from 9.6% in the six months to June 30). This performance came on the back of a return to growth in Central and Eastern Europe, and particularly Poland. Asia and Latin America continued to deliver a strong organic growth performance (up 17.3%) throughout the year. **The operating margin rose sharply, up to 10.1% of sales (10.9% in the second half)** from 6.7% one year earlier (8.5% in second-half 2009).

- **North America** posted **organic growth of 6.5%** for the year (1.7% in the second half and 5.2% in the fourth quarter), bolstered by a sharp rebound in businesses related to industrial output and a good performance from all other businesses except Interior Solutions, which suffered from continuing weakness in construction markets. The region's **operating margin** – also boosted by the restructuring measures implemented – continued to improve, up to **10.7% of sales** (8.9% of sales in 2009), despite inventory run-downs by distributors in the third quarter and the rise in the cost of raw materials in the second half.

2010 consolidated financial statements

The Group's 2010 consolidated financial statements and the financial statements of the Group's parent company, Compagnie de Saint-Gobain, were approved and adopted by Saint-Gobain's Board of Directors at its meeting of February 24, 2011. These financial statements have been audited by the Statutory Auditors. Key consolidated data are summarized below:

	2009 €m	2010 €m	% change
Sales and ancillary revenue	**37,786**	**40,119**	**+6.2%**
Operating income	**2,216**	**3,117**	**+40.7%**
Operating depreciation and amortization	1,514	1,535	+1.4%
EBITDA (op. inc. + operating depreciation/amortization)	**3,730**	**4,652**	**+24.7%**
Non-operating costs	(596)	(446)	-25.2%
Capital gains and losses on disposals, asset write-downs, corporate acquisition fees and earn-out payments	(380)	(147)	-61.3%
Business income	**1,240**	**2,524**	**+103.5%**
Net financial expense	(805)	(739)	-8.2%
Income tax	(196)	(577)	+194.4%
Share in net income of associates	2	5	+150.0%
Income before minority interests	**241**	**1,213**	+403.3%
Minority interests	(39)	(84)	+115.4%
Recurring net income[1]	**617**	**1,335**	**+116.4%**
Recurring[1] earnings per share[2] (in €)	**1.20**	**2.51**	**+109.2%**
Net income	**202**	**1,129**	+458.9%
Earnings per share[2] (in €)	**0.39**	**2.13**	+446.1%
Cash flow from operations[3]	2,303	3,004	+30.4%
Cash flow from operations excluding capital gains tax[4]	**2,268**	**2,987**	**+31.7%**
Capital expenditure	1,249	1,450	+16.1%
Free cash flow (excluding capital gains tax)[4]	**1,019**	**1,537**	**+50.8%**
Investments in securities	204	129	-36.8%
Net debt	**8,554**	**7,168**	**-16.2%**

1 Excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

2 Calculated based on the number of shares outstanding at December 31 (530,836,441 shares in 2010 versus 512,931,016 shares in 2009). Based on the weighted average number of shares outstanding (517,954,691 shares in 2010 versus 473,244,410 in 2009), recurring earnings per share comes out at €2.58 (versus €1.30 in 2009), and earnings per share comes out at €2.18 (versus €0.43 in 2009).

3 Excluding material non-recurring provisions.

4 Excluding the tax effect of capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

Sales advanced 6.2%, powered by a strong 3.9% positive currency impact. This reflects the appreciation against the euro of most currencies of the other monetary areas where the Group trades, namely Scandinavian and emerging country currencies (especially the Brazilian real). **On a constant exchange rate basis*, sales therefore climbed 2.3%.** Changes in Group structure had a mild +0.4% impact on sales. **Like-for-like,** Group sales **moved up 1.9% (including a positive 1.1% volume impact and a positive 0.8% price effect)**, reflecting the acceleration in organic growth over the second half of the year, up to 2.8% (of which 3.3% in the fourth quarter), after 1.0% in the six months to June 30.

In line with targets, the Group's **operating income rose sharply**, **up 40.7%** (33.7% at constant exchange rates), powered mainly by the cost savings achieved. As a result, the **operating margin improved significantly, up to 7.8% of sales (10.7% excluding Building Distribution)**, versus 5.9% (8.4% excluding Building Distribution) in 2009.

The Group outperformed its target **in the second half of 2010** ("operating income for second-half 2010 slightly above the first half"), with a **rise of 15.7% in operating income compared to first-half 2010** and of **30.0% compared to second-half 2009.**

The Group's **second-half operating margin rose steeply, up to 8.1% of sales (10.8% excluding Building Distribution)**, versus 6.7% of sales (9.1% excluding Building Distribution) in second-half 2009. It also came in higher than in second-half 2008 (7.6%, or 9.8% excluding Building Distribution), even though sales volumes remained 9.4% below the volumes recorded in that period.

EBITDA (operating income + operating depreciation and amortization) surged 24.7%. The consolidated EBITDA margin came in at **11.6%** of sales (**16.1%** excluding Building Distribution), versus 9.9% (14.1% excluding Building Distribution) in 2009.
The consolidated EBITDA margin in the six months to December 31, 2010 exceeded its second-half 2008 level, at 11.8% versus 11.1%.

Non-operating costs fell 25.2% to €446 million (€596 million in 2009), thanks to lower restructuring costs. This amount includes a €97 million accrual to the provision for asbestos-related litigation involving CertainTeed in the US, the increase compared to 2009 reflecting the rise in indemnities paid over the last 12 months (see "Update on asbestos claims in the US" on page 7).

The net balance of capital gains and losses on disposals, asset write-downs and corporate acquisition fees was a negative €147 million. This amount comprises €87.1 million in capital gains (including the capital gain on the disposal of Advanced Ceramics) and €232.2 million in asset write-downs. These write-downs result primarily from restructuring plans and site closures initiated during the period. They include a €72 million write-down taken against part of the goodwill relating to certain Building Distribution businesses in the US and the Netherlands following restructuring measures launched in these companies in 2010.

Business income totaled €2,524 million in 2010, twice the figure for 2009 after taking into account the items mentioned above (non-operating costs, capital gains/losses on disposals and asset write-downs).

Net financial expense improved slightly, at €739 million versus €805 million in 2009. This chiefly reflects the reduction in net debt. The average cost of net debt came out at 5.6% in 2010, versus 5.5% in 2009.

Income tax rose sharply, up from €196 million to €577 million, chiefly due to the rise in pre-tax income and, to a lesser extent, the business tax reform introduced in France as of January 1, 2010, which led the Group to reclassify the new CVAE ("*Cotisation sur la Valeur Ajoutée des Entreprises*") tax as income tax.

Recurring net income (excluding capital gains and losses, asset write-downs and material non-recurring provisions) jumped **116.4% year-on-year**, to **€1,335 million**. Based on the number of shares outstanding at December 31, 2010 (530,836,441 shares versus 512,931,016 shares at end-2009), **recurring earnings per share came out at €2.51, up 109.2%** on 2009 (€1.20).

Net income came in at **€1,129 million, more than five times higher** than the 2009 figure (€202 million). Based on the number of shares outstanding at December 31, 2010 (530,836,441 shares versus 512,931,016 shares at December 31, 2009), **earnings per share came out at €2.13**, **more than five times higher** than in 2009 (€0.39).

* Based on average exchange rates for 2009.

Capital expenditure climbed 16.1% to **€1,450 million** (versus €1,249 million in 2009), and accounted for **3.6% of sales** (3.3% in 2009). This increase was mainly attributable to the upturn (especially in the second half) in growth capex focused on activities related to energy efficiency (Flat Glass – including solar power – and Construction Products) and on Asia and emerging countries. Overall, these markets accounted for **almost 80% of the Group's total growth capex** in 2010.

Cash flow from operations totaled **€3,004 million** in 2010, up 30.4% on the same period in 2009. Before the tax impact of capital gains and losses on disposals and asset write-downs, **cash flow from operations climbed 31.7%** to €2,987 million, up from €2,268 million one year earlier.

Free cash flow (cash flow from operations less capital expenditure) jumped 47.4% to €1,554 million, despite the rise in capital expenditure. Before the tax impact of capital gains and losses on disposals and asset write-downs, **free cash flow surged 50.8% to €1,537 million, or 3.8% of sales** (2.7% of sales in 2009). **The Group therefore outperformed its target for full-year 2010** (initially €1 billion in free cash flow, subsequently raised to €1.4 billion in July).

In second-half 2010, despite the robust 38.5% increase in capital expenditure, free cash flow totaled €550 million (before the tax impact of capital gains and losses on disposals and asset write-downs). It **advanced 17.2% compared to second-half 2009** (€469 million), which already stood as the Group's best second-half level of free cash flow over the last five years. This reflects the ongoing focus on cash flow management, including in a more upbeat growth environment.

The difference between EBITDA and capital expenditure increased 29% to €3,202 million in 2010, versus €2,481 million in 2009, representing 8.0% of sales (6.6% one year earlier).

After seven years of continuous improvements, operating working capital requirements (WCR) stabilized at a very good 31 days' sales at December 31, 2010, despite the trading upturn and the negative impact of the LME ("*Loi de Modernisation de l'Economie*") law in France.

Investments in securities totaled **€129 million** and primarily related to acquisitions focused on energy efficiency, solar power and emerging countries. In the second half of 2010, the Building Distribution Sector resumed its policy of bolt-on acquisitions in Europe, especially in Scandinavia.

Net debt stood at €7.2 billion at December 31, 2010. After an already sharp €3.1 billion reduction in 2009, net debt **was reduced by a further €1.4 billion (16.2%)** compared to December 31, 2009 (€8.6 billion), spurred essentially by the increase in free cash flow. Net debt came out at **39% of shareholders' equity**, compared with 53% at December 31, 2009. **The net debt to EBITDA ratio came out at 1.5, a significant improvement on a year earlier (2.3).**

Update on asbestos claims in the US

Some 5,000 claims were filed against CertainTeed in 2010, compared with 4,000 in 2009. Over the year, 13,000 claims were settled (versus 8,000 in 2009), bringing the total number of outstanding claims to **56,000** at December 31, 2010, versus 64,000 at December 31, 2009.
Confirming the trends observed at the end of June 2010, a total of USD 103 million in indemnity payments were made in the 12 months to December 31, 2010, up from USD 77 million in the year-earlier period.

In light of these trends, and particularly the rise in indemnity payments, an additional provision of €97 million was accrued in 2010 (€75 million in 2009), bringing the total coverage for CertainTeed's asbestos-related claims to around USD 501 million at December 31, 2010, virtually stable compared to December 31, 2009 (USD 500 million).

<u>2010 action plan:</u> results ahead of targets

The Group resolutely implemented its action plan priorities during the year and outperformed its 2010 targets.

In 2010, Saint-Gobain:

- Continued to give clear operating priority to **sales prices**, which **rose 0.8% over the year (1.4% in the second half)**. The spread between sales prices and raw material and energy costs therefore had a positive impact on the year;

- Implemented and extended the **cost cutting program**:

    - **€600 million in additional cost savings** were unlocked in 2010 compared with 2009, including €150 million in the second half, bringing the total cost savings realized between 2007 and 2010 to **€2.1 billion**.

- Continued to optimize **free cash flow**, by:

    - generating **€1.5 billion in free cash flow[1], ahead of the target set in July** (€1.4 billion, raised from an initial target of €1.0 billion), despite the increase in capital expenditure,
    - maintaining a tight rein on operating working capital requirements (WCR), which remained at 31 days' sales despite the negative impact of the LME law and the increase in sales.

- Thanks to these measures, **the Group paid down net debt** by a further €1.4 billion, and again **strengthened its balance sheet: the gearing ratio has been slashed to 39**% from 53% at end-December 2009, while the **net debt to EBITDA ratio fell to 1.5**.

- At the same time, the Group **resumed its selective acquisitions and development policy**, focusing on fast-growing businesses and/or regions. It:

    - increased its capital expenditure by 16% to €1,450 million (including a rise of 38.5%, or €1,018 million in the second half), with most growth capex earmarked for emerging countries and for energy efficiency and solar power markets;
    - gradually resumed its policy of bolt-on acquisitions, with selective transactions also focused on energy efficiency, solar power and emerging countries.

1. Excluding the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

2011-2015 Strategy

Leveraging its very robust financial structure and significantly leaner cost base, the Group intends to pursue a **profitable growth and expansion strategy** over the next few years, with the aim of becoming the **reference in sustainable Habitat**. This strategy will chiefly involve:

- **the gradual divestment of Packaging (Verallia),** with the process for minority flotation as from second-quarter 2011 launched on October 13;
- **bolstering the Group's positioning in high value-added solutions for the Habitat market,** so that high value-added solutions represent 60% of the Group's sales by 2015 (compared to 51% currently);
- **accelerating the Group's expansion in Asia and emerging countries,** with the aim of these regions accounting for 26% of the Group's sales by 2015 (versus 19% currently).

This strategy will be underpinned by a **constant focus on profitability and strong financial discipline**, in order to achieve the Group's ambitious targets by 2015, namely:

Sales	**€55bn**
Operating income	**€5.5bn** (10% of sales)
Recurring net income	**€3bn**
ROI* (Return on investment)	**25%**
ROCE* (Return on capital employed)	**14-15%**

* Before tax

Outlook and objectives for 2011

2010 saw the Group emerge from the crisis and gradually return to growth. **Overall in 2011, the Group expects more upbeat trading conditions in its main markets**. However, trends will continue to vary widely from one region to the next:

- **Asia and emerging countries** should see ongoing vigorous growth, with the recovery in Eastern Europe (especially Poland) picking up pace.

- **In North America**, industrial markets should continue to enjoy strong momentum. In contrast, construction markets are likely to remain sluggish, although some signs of recovery could emerge during the year.

- **In Western Europe**, trading on industrial markets should remain brisk, while construction markets should continue to recover, particularly new-build and renovation segments. This overall improvement should nevertheless conceal continuing stark contrasts from one country to the next: the Group's key markets (France, Germany, UK, Scandinavia) should continue to recover, while Southern Europe will remain challenging.

- Lastly, **household consumption markets** should hold firm across all regions.

Against this backdrop, **all of the Group's Business Sectors** should benefit from a **favorable growth momentum**.

To support the return to growth on its main markets, **the Group will resolutely adopt a tempered development policy** in 2011, underpinned by a constant focus on profitability and strict financial discipline. Saint-Gobain will:

- resume a dynamic but selective and tempered investment policy (capex and financial investments) anchored around the Group's main growth drivers (emerging countries, energy efficiency, solar power), supported by a strong financial structure. Along the lines of 2010, these markets should account for more than **80%** of the Group's growth capex in 2011;

- continue to give priority to sales prices and endeavor to pass on the rising cost of raw materials and energy to sales prices, amid rising inflation;

- continue to maintain a tight rein on costs;

- continue to keep a close watch on cash management and financial strength;

- maintain its R&D efforts.

<u>For 2011</u>, the Group is therefore targeting:

- **robust organic growth**, with a bullish first quarter thanks chiefly to very weak comparative figures;

- **double-digit growth in operating income** (at constant exchange rates*), despite the rise in energy and raw material costs;

- **free cash flow of €1.3 billion,** after the €500 million increase in capex;

- **a persistently robust financial structure.**

* Average exchange rates for 2010.

In terms of **<u>dividend policy</u>**, at its meeting of February 24, Compagnie de Saint-Gobain's Board of Directors decided to recommend to the June 9, 2011 Shareholders' Meeting a dividend payout of €605 million**, representing 45% of recurring net income and 54% of net income, i.e. a **dividend of <u>€1.15 per share</u>, up 15%** on the 2009 dividend. Based on the closing share price at December 31, 2010 (€38.50), this represents a **<u>dividend yield of 3.0%</u>.** The dividends will be paid entirely in cash on **June 16, 2011**, with the ex-coupon date scheduled for June 13, 2011.

* The dividend amount is based on the number of shares carrying dividend rights on January 31, 2011.

Forthcoming results announcement

- Sales for the first quarter of 2011: **April 28, 2011**, after close of trading on the Paris Bourse.

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Analyst/Investor relations		Press relations
Florence Triou-Teixeira	+33 1 47 62 45 19	Sophie Chevallon +33 1 47 62 30 48
Etienne Humbert	+33 1 47 62 30 49	
Vivien Dardel	+33 1 47 62 44 29	

Appendix 1: Results by business sector and geographic area - Full Year

I. SALES	2009 (in EUR m)	2010 (in EUR m)	change on an actual structure basis	change on a comparable structure basis	change on a comparable structure and currency basis
by sector and division:					
Innovative Materials (1)	**7,792**	**9,283**	**+19.1%**	**+18.7%**	**+12.3%**
Flat Glass	4,572	5,218	+14.1%	+14.3%	+8.4%
High-Performance Materials	3,240	4,088	+26.2%	+25.0%	+17.9%
Construction Products (1)	**10,414**	**10,940**	**+5.1%**	**+4.3%**	**+0.0%**
Interior Solutions	5,034	5,195	+3.2%	+2.1%	-1.8%
Exterior Solutions	5,413	5,781	+6.8%	+6.5%	+1.7%
Building Distribution	**17,101**	**17,326**	**+1.3%**	**+1.1%**	**-1.5%**
Packaging	**3,445**	**3,553**	**+3.1%**	**+3.1%**	**+0.2%**
Internal sales and misc.	*-966*	*-983*	*n.m.*	*n.m.*	*n.m.*
Group Total	**37,786**	**40,119**	**+6.2%**	**+5.8%**	**+1.9%**

(1) including intra-sector eliminations

by geographic area:					
France	11,495	11,388	-0.9%	-1.0%	-1.0%
Other Western European countries	16,557	17,063	+3.1%	+2.9%	+0.2%
North America	4,864	5,516	+13.4%	+12.5%	+6.5%
Emerging countries and Asia	6,377	7,983	+25.2%	+23.8%	+11.4%
Internal sales	*-1,507*	*-1,831*	*n.m.*	*n.m.*	*n.m.*
Group Total	**37,786**	**40,119**	**+6.2%**	**+5.8%**	**+1.9%**

II. OPERATING INCOME	2009 (in EUR m)	2010 (in EUR m)	change on an actual structure basis	2009 (in % of sales)	2010 (in % of sales)
by sector and division:					
Innovative Materials	**370**	**1,024**	**+176.8%**	**4.7%**	**11.0%**
Flat Glass	155	439	+183.2%	3.4%	8.4%
High-Performance Materials	215	585	+172.1%	6.6%	14.3%
Construction Products	**985**	**1,064**	**+8.0%**	**9.5%**	**9.7%**
Interior Solutions	344	379	+10.2%	6.8%	7.3%
Exterior Solutions	641	685	+6.9%	11.8%	11.8%
Building Distribution	**412**	**578**	**+40.3%**	**2.4%**	**3.3%**
Packaging	**437**	**434**	**-0.7%**	**12.7%**	**12.2%**
Misc.	12	17	n.m.	n.m.	n.m.
Group Total	**2,216**	**3,117**	**+40.7%**	**5.9%**	**7.8%**

by geographic area:					
France	629	714	+13.5%	5.5%	6.3%
Other Western European countries	730	1,007	+37.9%	4.4%	5.9%
North America	432	590	+36.6%	8.9%	10.7%
Emerging countries and Asia	425	806	+89.6%	6.7%	10.1%
Group Total	**2,216**	**3,117**	**+40.7%**	**5.9%**	**7.8%**

III. BUSINESS INCOME	2009 (in EUR m)	2010 (in EUR m)	change on an actual structure basis	2009 (in % of sales)	2010 (in % of sales)
by sector and division:					
Innovative Materials	**70**	**883**	**+1161.4%**	**0.9%**	**9.5%**
Flat Glass	-46	289	+728.3%	-1.0%	5.5%
High-Performance Materials	116	594	+412.1%	3.6%	14.5%
Construction Products	**639**	**928**	**+45.2%**	**6.1%**	**8.5%**
Interior Solutions	59	305	+416.9%	1.2%	5.9%
Exterior Solutions	580	623	+7.4%	10.7%	10.8%
Building Distribution	**250**	**403**	**+61.2%**	**1.5%**	**2.3%**
Packaging	**395**	**404**	**+2.3%**	**11.5%**	**11.4%**
Misc.	-114 (a)	-94 (a)	n.m.	n.m.	n.m.
Group Total	**1,240**	**2,524**	**+103.5%**	**3.3%**	**6.3%**

by geographic area:					
France	462	607	+31.4%	4.0%	5.3%
Other Western European countries	358	779	+117.6%	2.2%	4.6%
North America	64 (a)	422(a)	+559.4%	1.3%	7.7%
Emerging countries and Asia	356	716	+101.1%	5.6%	9.0%
Group Total	**1,240**	**2,524**	**+103.5%**	**3.3%**	**6.3%**

(a) after asbestos-related charge (before tax) of €75m in 2009 and €97m in 2010

IV. CASH FLOW

	2009 (in EUR m)	2010 (in EUR m)	change on an actual structure basis	2009 (in % of sales)	2010 (in % of sales)
by sector and division:					
Innovative Materials	**385**	**958**	**+148.8%**	**4.9%**	**10.3%**
Flat Glass	170	505	+197.1%	3.7%	9.7%
High-Performance Materials	215	453	+110.7%	6.6%	11.1%
Construction Products	**659**	**834**	**+26.6%**	**6.3%**	**7.6%**
Building Distribution	**283**	**447**	**+58.0%**	**1.7%**	**2.6%**
Packaging	**492**	**488**	**-0.8%**	**14.3%**	**13.7%**
Misc.	484 (a)	277 (a)	n.m.	n.m.	n.m.
Group Total	**2,303**	**3,004**	**+30.4%**	**6.1%**	**7.5%**
by geographic area:					
France	527	431	-18.2%	4.6%	3.8%
Other Western European countries	797	1,167	+46.4%	4.8%	6.8%
North America	451(a)	501(a)	+11.1%	9.3%	9.1%
Emerging countries and Asia	528	905	+71.4%	8.3%	11.3%
Group Total	**2,303**	**3,004**	**+30.4%**	**6.1%**	**7.5%**

(a) after asbestos-related charge (after tax) of €46m in 2009 versus €59m in 2010

V. CAPITAL EXPENDITURE

	2009 (in EUR m)	2010 (in EUR m)	change on an actual structure basis	2009 (in % of sales)	2010 (in % of sales)
by sector and division:					
Innovative Materials	**456**	**562**	**+23.2%**	**5.9%**	**6.1%**
Flat Glass	326	413	+26.7%	7.1%	7.9%
High-Performance Materials	130	149	+14.6%	4.0%	3.6%
Construction Products	**364**	**422**	**+15.9%**	**3.5%**	**3.9%**
Interior Solutions	199	194	-2.5%	4.0%	3.7%
Exterior Solutions	165	228	+38.2%	3.0%	3.9%
Building Distribution	**155**	**187**	**+20.6%**	**0.9%**	**1.1%**
Packaging	**259**	**261**	**+0.8%**	**7.5%**	**7.3%**
Misc.	15	18	n.m.	n.m.	n.m.
Group Total	**1,249**	**1,450**	**+16.1%**	**3.3%**	**3.6%**
by geographic area:					
France	254	290	+14.2%	2.2%	2.5%
Other Western European countries	414	427	+3.1%	2.5%	2.5%
North America	167	201	+20.4%	3.4%	3.6%
Emerging countries and Asia	414	532	+28.5%	6.5%	6.7%
Group Total	**1,249**	**1,450**	**+16.1%**	**3.3%**	**3.6%**

VI. EBITDA

	2009 (in EUR m)	2010 (in EUR m)	change on an actual structure basis	2009 (in % of sales)	2010 (in % of sales)
by sector and division:					
Innovative Materials	**843**	**1,506**	**+78.6%**	**10.8%**	**16.2%**
Flat Glass	444	746	+68.0%	9.7%	14.3%
High-Performance Materials	399	760	+90.5%	12.3%	18.6%
Construction Products	**1,494**	**1,584**	**+6.0%**	**14.3%**	**14.5%**
Interior Solutions	672	711	+5.8%	13.3%	13.7%
Exterior Solutions	822	873	+6.2%	15.2%	15.1%
Building Distribution	**698**	**851**	**21.9%**	**4.1%**	**4.9%**
Packaging	**657**	**669**	**+1.8%**	**19.1%**	**18.8%**
Misc.	38	42	n.m.	n.m.	n.m.
Group Total	**3,730**	**4,652**	**+24.7%**	**9.9%**	**11.6%**
by geographic area:					
France	1,013	1,085	+7.1%	8.8%	9.5%
Other Western European countries	1,282	1,547	+20.7%	7.7%	9.1%
North America	674	832	+23.4%	13.9%	15.1%
Emerging countries and Asia	761	1,188	+56.1%	11.9%	14.9%
Group Total	**3,730**	**4,652**	**+24.7%**	**9.9%**	**11.6%**

Appendix 2: Results by business sector and geographic area - Second Half

I. SALES

	H2 2009 (in EUR m)	H2 2010 (in EUR m)	change on an actual structure basis	change on a comparable structure basis	change on a comparable structure and currency basis
by sector and division:					
Innovative Materials (1)	**3,991**	**4,748**	**+19.0%**	**+18.5%**	**+10.9%**
Flat Glass	2,374	2,681	+12.9%	+12.8%	+6.7%
High-Performance Materials	1,629	2,078	+27.6%	+26.7%	+16.8%
Construction Products (1)	**5,181**	**5,518**	**+6.5%**	**+5.6%**	**+0.2%**
Interior Solutions	2,495	2,660	+6.6%	+4.8%	+0.1%
Exterior Solutions	2,703	2,878	**+6.5%**	+6.5%	+0.4%
Building Distribution	**8,657**	**9,004**	**+4.0%**	**+3.8%**	**+1.0%**
Packaging	**1,701**	**1,793**	**+5.4%**	**+5.4%**	**+0.7%**
Internal sales and misc.	*-459*	*-473*	*n.m.*	*n.m.*	*n.m.*
Group Total	**19,071**	**20,590**	**+8.0%**	**+7.6%**	**+2.8%**

(1) including intra-sector eliminations

by geographic area:					
France	5,600	5,602	+0.0%	+0.0%	+0.0%
Other Western European countries	8,458	8,902	+5.2%	+5.1%	+2.1%
North America	2,363	2,670	+13.0%	+12.2%	+1.7%
Emerging countries and Asia	3,430	4,352	+26.9%	+25.6%	+13.0%
Internal sales	*-780*	*-936*	*n.m.*	*n.m.*	*n.m.*
Group Total	**19,071**	**20,590**	**+8.0%**	**+7.6%**	**+2.8%**

II. OPERATING INCOME

	H2 2009 (in EUR m)	H2 2010 (in EUR m)	change on an actual structure basis	H2 2009 (in % of sales)	H2 2010 (in % of sales)
by sector and division:					
Innovative Materials	**269**	**553**	**+105.6%**	**6.7%**	**11.6%**
Flat Glass	142	240	+69.0%	6.0%	9.0%
High-Performance Materials	127	313	+146.5%	7.8%	15.1%
Construction Products	**511**	**515**	**+0.8%**	**9.9%**	**9.3%**
Interior Solutions	173	206	+19.1%	6.9%	7.7%
Exterior Solutions	338	309	-8.6%	12.5%	10.7%
Building Distribution	**296**	**381**	**+28.7%**	**3.4%**	**4.2%**
Packaging	**204**	**207**	**+1.5%**	**12.0%**	**11.5%**
Misc.	6	16	n.m.	n.m.	n.m.
Group Total	**1,286**	**1,672**	**+30.0%**	**6.7%**	**8.1%**

by geographic area:					
France	313	356	+13.7%	5.6%	6.4%
Other Western European countries	470	592	+26.0%	5.6%	6.7%
North America	211	248	+17.5%	8.9%	9.3%
Emerging countries and Asia	292	476	+63.0%	8.5%	10.9%
Group Total	**1,286**	**1,672**	**+30.0%**	**6.7%**	**8.1%**

III. BUSINESS INCOME

	H2 2009 (in EUR m)	H2 2010 (in EUR m)	change on an actual structure basis	H2 2009 (in % of sales)	H2 2010 (in % of sales)
by sector and division:					
Innovative Materials	**128**	**501**	**+291.4%**	**3.2%**	**10.6%**
Flat Glass	52	136	+161.5%	2.2%	5.1%
High-Performance Materials	76	365	+380.3%	4.7%	17.6%
Construction Products	**219**	**445**	**+103.2%**	**4.2%**	**8.1%**
Interior Solutions	-80	183	+328.8%	-3.2%	6.9%
Exterior Solutions	299	262	-12.4%	11.1%	9.1%
Building Distribution	**179**	**243**	**+35.8%**	**2.1%**	**2.7%**
Packaging	**177**	**187**	**+5.6%**	**10.4%**	**10.4%**
Misc.	-64 (a)	-53 (a)	n.m.	n.m.	n.m.
Group Total	**639**	**1,323**	**+107.0%**	**3.4%**	**6.4%**

by geographic area:					
France	180	297	+65.0%	3.2%	5.3%
Other Western European countries	257	443	+72.4%	3.0%	5.0%
North America	-57 (a)	165 (a)	+389.5%	-2.4%	6.2%
Emerging countries and Asia	259	418	+61.4%	7.6%	9.6%
Group Total	**639**	**1,323**	**+107.0%**	**3.4%**	**6.4%**

(a) after asbestos-related charge (before tax) of €37.5m in 2009 and €59.5m in 2010

IV. CASH FLOW

	H2 2009 (in EUR m)	H2 2010 (in EUR m)	change on an actual structure basis	H2 2009 (in % of sales)	H2 2010 (in % of sales)
by sector and division:					
Innovative Materials	**262**	**495**	**+88.9%**	**6.6%**	**10.4%**
Flat Glass	129	270	+109.3%	5.4%	10.1%
High-Performance Materials	133	225	+69.2%	8.2%	10.8%
Construction Products	**327**	**431**	**+31.8%**	**6.3%**	**7.8%**
Building Distribution	**203**	**298**	**+46.8%**	**2.3%**	**3.3%**
Packaging	**232**	**238**	**+2.6%**	**13.6%**	**13.3%**
Misc.	200 (a)	111 (a)	n.m.	n.m.	n.m.
Group Total	**1,224**	**1,573**	**+28.5%**	**6.4%**	**7.6%**

by geographic area:					
France	228	202	-11.4%	4.1%	3.6%
Other Western European countries	438	667	+52.3%	5.2%	7.5%
North America	216 (a)	211 (a)	-2.3%	9.1%	7.9%
Emerging countries and Asia	342	493	+44.2%	10.0%	11.3%
Group Total	**1,224**	**1,573**	**+28.5%**	**6.4%**	**7.6%**

(a) after asbestos-related charge (after tax) of €23m in H2-2009 versus €36m in H2-2010

V. CAPITAL EXPENDITURE

	H2 2009 (in EUR m)	H2 2010 (in EUR m)	change on an actual structure basis	H2 2009 (in % of sales)	H2 2010 (in % of sales)
by sector and division:					
Innovative Materials	**247**	**411**	**+66.4%**	**6.2%**	**8.7%**
Flat Glass	176	297	+68.8%	7.4%	11.1%
High-Performance Materials	71	114	+60.6%	4.4%	5.5%
Construction Products	**229**	**325**	**+41.9%**	**4.4%**	**5.9%**
Interior Solutions	111	151	+36.0%	4.4%	5.7%
Exterior Solutions	118	174	+47.5%	4.4%	6.0%
Building Distribution	**88**	**124**	**+40.9%**	**1.0%**	**1.4%**
Packaging	**163**	**147**	**-9.8%**	**9.6%**	**8.2%**
Misc.	8	11	n.m.	n.m.	n.m.
Group Total	**735**	**1,018**	**+38.5%**	**3.9%**	**4.9%**

by geographic area:					
France	148	213	+43.9%	2.6%	3.8%
Other Western European countries	244	294	+20.5%	2.9%	3.3%
North America	94	135	+43.6%	4.0%	5.1%
Emerging countries and Asia	249	376	+51.0%	7.3%	8.6%
Group Total	**735**	**1,018**	**+38.5%**	**3.9%**	**4.9%**

VI. EBITDA

	H2 2009 (in EUR m)	H2 2010 (in EUR m)	change on an actual structure basis	H2 2009 (in % of sales)	H2 2010 (in % of sales)
by sector and division:					
Innovative Materials	**508**	**791**	**+55.7%**	**12.7%**	**16.7%**
Flat Glass	288	394	+36.8%	12.1%	14.7%
High-Performance Materials	220	397	+80.5%	13.5%	19.1%
Construction Products	**763**	**773**	**+1.3%**	**14.7%**	**14.0%**
Interior Solutions	336	370	+10.1%	13.5%	13.9%
Exterior Solutions	427	403	-5.6%	15.8%	14.0%
Building Distribution	**442**	**515**	**+16.5%**	**5.1%**	**5.7%**
Packaging	**312**	**325**	**+4.2%**	**18.3%**	**18.1%**
Misc.	19	28	n.m.	n.m.	n.m.
Group Total	**2,044**	**2,432**	**+19.0%**	**10.7%**	**11.8%**

by geographic area:					
France	507	538	+6.1%	9.1%	9.6%
Other Western European countries	747	860	+15.1%	8.8%	9.7%
North America	327	366	+11.9%	13.8%	13.7%
Emerging countries and Asia	463	668	+44.3%	13.5%	15.3%
Group Total	**2,044**	**2,432**	**+19.0%**	**10.7%**	**11.8%**

Appendix 3: Sales by business sector and geographic area - Fourth Quarter

I. SALES

	Q4 2009 (in EUR m)	Q4 2010 (in EUR m)	change on an actual structure basis	change on a comparable structure basis	change on a comparable structure and currency basis
by sector and division:					
Innovative Materials (1)	**2,038**	**2,365**	**+16.0%**	**+15.7%**	**+9.0%**
Flat Glass	1,214	1,364	+12.4%	+12.4%	+6.8%
High-Performance Materials	828	1,010	+22.0%	+21.1%	+12.7%
Construction Products (1)	**2,427**	**2,671**	**+10.1%**	**+9.1%**	**+3.7%**
Interior Solutions	1,225	1,323	+8.0%	+6.1%	+1.6%
Exterior Solutions	1,209	1,357	**+12.2%**	+12.3%	+6.0%
Building Distribution	**4,285**	**4,434**	**+3.5%**	**+3.2%**	**+0.6%**
Packaging	**825**	**870**	**+5.5%**	**+5.5%**	**+1.3%**
Internal sales and misc.	*-223*	*-228*	*n.m.*	*n.m.*	*n.m.*
Group Total	**9,351**	**10,112**	**+8.1%**	**+7.7%**	**+3.3%**

(1) including intra-sector eliminations

by geographic area:					
France	2,873	2,868	-0.2%	-0.2%	-0.2%
Other Western European countries	4,111	4,339	+5.5%	+5.4%	+2.4%
North America	1,056	1,229	+16.4%	+15.7%	+5.2%
Emerging countries and Asia	1,706	2,152	+26.1%	+24.9%	+13.4%
Internal sales	*-395*	*-476*	*n.m.*	*n.m.*	*n.m.*
Group Total	**9,351**	**10,112**	**+8.1%**	**+7.7%**	**+3.3%**

Appendix 4 : CONSOLIDATED BALANCE SHEET

in EUR millions	Dec 31, 2010	Dec 31, 2009
ASSETS		
Goodwill	11,030	10,740
Other intangible assets	3,067	2,998
Property, plant and equipment	13,727	13,300
Investments in associates	137	123
Deferred tax assets	700	676
Other non-current assets	272	312
Non-current assets	**28,933**	**28,149**
Inventories	5,841	5,256
Trade accounts receivable	5,038	4,926
Current tax receivable	175	333
Other accounts receivable	1,248	1,202
Cash and cash equivalents	2,762	3,157
Current assets	**15,064**	**14,874**
Total assets	**43,997**	**43,023**
Liabilities and Shareholders' equity		
Capital stock	2,123	2,052
Additional paid-in capital and legal reserve	5,781	5,341
Retained earnings and net income for the year	10,614	10,137
Cumulative translation adjustments	(383)	(1,340)
Fair value reserves	(43)	(75)
Treasury stock	(224)	(203)
Shareholders' equity	**17,868**	**15,912**
Minority interests	364	302
Total equity	**18,232**	**16,214**
Long-term debt	7,822	8,839
Provisions for pensions and other employee benefits	2,930	2,958
Deferred tax liabilities	909	921
Provisions for other liabilities and charges	2,228	2,169
Non-current liabilities	**13,889**	**14,887**
Current portion of long-term debt	1,094	1,880
Current portion of provisions for other liabilities and charges	527	518
Trade accounts payable	5,690	5,338
Current tax liabilities	156	108
Other accounts payable	3,395	3,086
Short-term debt and bank overdrafts	1,014	992
Current liabilities	**11,876**	**11,922**
Total equity and liabilities	**43,997**	**43,023**

Appendix 5: Consolidated cash flow statement

(in € millions)	2010	2009
Net income attributable to equity holders of the parent	**1,129**	**202**
Minority interests in net income	84	39
Share in net income of associates, net of dividents received	(5)	2
Depreciation, amortization and impairment of assets	1,755	1,857
Gains and losses on disposals of assets	(87)	32
Unrealized gains and losses arising from changes in fair value and share-based payments	53	100
Changes in inventories	(404)	989
Changes in trade accounts receivable and payable, and other accounts receivable and payable	299	509
Changes in tax receivable and payable	179	(216)
Changes in deferred taxes and provisions for other liabilities and charges	(230)	(124)
Net cash from operating activities	**2,773**	**3,390**
Purchases of property, plant and equipment [2010: (1,450), 2009: (1,249)] and intangible assets	(1,520)	(1,319)
Purchases of property, plant and equipment in finance lease	(2)	(16)
Increase (decrease) in amounts due to suppliers of fixed assets	48	(105)
Acquisitions of shares in consolidated companies [2010 : (124), 2009 : (200)], net of debt acquired	(132)	(181)
Acquisitions of other investments	(5)	(4)
Increase in investment-related liabilities	17	29
Decrease in investment-related liabilities	(16)	(59)
Investments	**(1,610)**	**(1,655)**
Disposals of property, plant and equipment and intangible assets	99	71
Disposals of shares in consolidated companies, net of cash divested	197	6
Disposals of other investments and other divestments	3	6
Divestments	**299**	**83**
Increase in loans and deposits	(77)	(39)
Decrease in loans and deposits	63	47
Net cash used in investing activities / divestments	**(1,325)**	**(1,564)**
Issues of capital stock	511	1,923
Minority interests' share in capital increases of subsidiaries	2	6
(Increase) decrease in treasury stock	(24)	6
Dividends paid	(509)	(486)
Dividends paid to minority shareholders of consolidated subsidiaries and increase (decrease) in dividends payable	(64)	(27)
Cash flows from (used in) financing activities	**(84)**	**1,422**
Increase (decrease) in net debt	**1,364**	**3,248**
Net effect of exchange rate changes on net debt	7	(56)
Net effect from changes in fair value on net debt	15	(67)
Net debt at beginning of year	**(8,554)**	**(11,679)**
Net debt at end of year	**(7,168)**	**(8,554)**