

## 2008 RESULTS IN LINE WITH REVISED OBJECTIVES €1.5 BILLION RIGHTS ISSUE

- Sales up 3.7% at constant exchange rates<sup>1</sup>
- Single-digit decline in operating income (-9.1% at constant exchange rates<sup>1</sup>) and recurring net income<sup>2</sup> (-9.5%)
- Continuing high level of cash flow from operations<sup>3</sup> (€3.5 billion) and free cash flow<sup>3</sup> (€1.3 billion)
- 2008 dividend: €1 per share
- More cost reductions:
 

{	€400 million in 2008
	A further €600 million in 2009
- €1.5 billion rights issue

## 2008 KEY FIGURES

	2007	2008	% change	At constant exchange rates <sup>1</sup>
Sales	43,421	43,800	+0.9%	+3.7%
Operating income	4,108	3,649	-11.2%	-9.1%
Recurring net income <sup>2</sup>	2,114	1,914	-9.5%	

1 Average exchange rates for 2007

2 Excluding capital gains and losses on disposals, asset write-downs, and material non-recurring provisions (including Flat Glass fines levied by the European Commission)

3 Excluding the tax effect of capital gains and losses on disposals and exceptional asset write-downs

## Operating performance

Amid a difficult economic climate, **Saint-Gobain delivered 2008 sales in line with 2007 figures**, which marked a record year for the Group. Organic growth came in at **0.3% (including a positive 3.4% price impact and a negative 3.1% volume effect)** and reflects the stark contrast between a satisfactory performance in the first nine months of the year (2.4% organic growth, including a positive 3.3% price impact and a negative 0.9% volume effect) and a sharp downturn in the fourth quarter (5.5% negative organic growth including a positive 3.8% price impact and a negative 9.3% volume effect). The last few months of 2008 were affected by the deepening financial crisis, which compounded the decline in the construction sector in most developed countries and took its toll on the world's industrial markets, in particular the automotive industry. The crisis also began to take hold of emerging economies. Despite the sharp slowdown in sales volumes over the last few months of the year, **the Group was able to maintain its price increases across each of its businesses throughout 2008.**

### 1°) Performance of Group sectors

All of the Group's sectors with the exception of Packaging were hit by the downturn and reported a single-digit fall in like-for-like sales in the fourth quarter of the year. This bucks the growth trend observed over the first nine months of 2008 (see appendices 1 and 2). Activities related to construction markets in Europe (Flat Glass, Building Distribution and Interior Solutions) were particularly affected, dragged down by the deeper contraction in the UK and Spanish markets and by a lackluster trading environment in other European countries.

**Innovative Materials** posted like-for-like growth of **1.3% over the full year**, despite a **7.8% drop in the fourth quarter** due to the sharp downturn in the automotive industry and the increasingly sluggish world economy. However, **the sector's operating margin edged up to 12.9%** from 12.6% in 2007.

- **Flat Glass** delivered **organic growth of 1.0% for the full year**, reflecting firm business momentum over the first nine months of the year (up 4.5%) and a **sharp fall in the fourth quarter (down 8.8%)** prompted by the collapse in the global automotive industry, and to a lesser extent by the continuing deterioration in construction markets across Western and Eastern Europe. Despite a fall in the price of commodities (float glass) at the end of 2008, sales prices edged up 2.3% on average over the full year, allowing the **operating margin to remain at a high level of 12.6%** versus 12.8% in 2007.
- **High-Performance Materials (HPM)** also suffered a sharp 6.1% downturn in business on a like-for-like basis during the fourth quarter, but still reported 1.9% organic growth for the year as a whole. The sector posted **further gains in its operating margin** on the back of a robust performance in the first nine months of the year (4.5% organic growth) and the uptrend in sales prices, from 12.3% in 2007 to **13.0% in 2008.**

**Sales for the Construction Products (CP) sector advanced 1.4% on a like-for-like basis** over the full year, but retreated 3.3% in the fourth quarter owing to downbeat Interior Solutions markets in both North America and Western Europe. **The sector's operating margin came in at 8.9%, versus 11.8% in 2007.**

- **Interior Solutions saw like-for-like sales drop 5.0%** over the full year and 9.9% in the fourth quarter, hit by a further decline in construction markets in North America and Europe. This, combined with higher energy and commodity prices, drove **operating margin down to 9.6%** (versus 14.8% in 2007).
- In contrast, **Exterior Solutions reported strong like-for-like growth (10.8% over the full year and 6.4% in the fourth quarter)**, buoyed by a sharp rise in sales prices (up 10.1% over the year) and vigorous year-long demand in Pipe and Industrial Mortars markets. Concerning North American Exterior Products, after a strong recovery in the second and third quarters, business volumes shrank on the back of a renewed slide in the US housing market. **Operating margin performed well, up from 7.4% to 8.1% in 2008.**

**Building Distribution** was directly impacted by the downturn in European construction markets (especially in the UK and Spain) and reported a **decrease in like-for-like sales of 1.9% over the full year and 7.7% in the fourth quarter alone.** **The sector's operating income came in at €94 million**, representing 4.5% of sales versus 5.7% in 2007.

The **Packaging sector** remained on a strong upward trend, delivering organic growth of 7.4% over the full year and 5.8% in the fourth quarter. Excluding divestments (Flasks business: Desjonquères), **operating income for the sector surged 17.2%, while the operating margin widened from 11.1% to 12.5%.**

## **2°) Analysis by geographic area**

For 2008 as a whole, the Group reported healthy like-for-like sales figures for **France** (up 1.9%), despite a slowdown in the second half of the year (up 0.9%), and particularly in the fourth quarter (down 1.8%) for most of its businesses. Operating margin fell slightly, to 8.1%.

**Other Western European countries** saw like-for-like sales fall **2.8%** over the full year (down 5.9% in the second half and 9.7% in the fourth quarter), hit by the steep downturn in the UK and Spanish economies in the six months to December 31, 2008. This took its toll on the operating margin, which fell to 7.7% compared with 9.4% in 2007.

Figures for **North America** remained **on a par with 2007 (down 0.9%)**, with the recovery in the third quarter followed by a further contraction in the three months to December 31, 2008 (down 6.2%). Operating margin retreated over the full year, but picked up in the second half of 2008 thanks to ongoing sales price increases (up 10.6% versus 1.5% in the first half).

**Emerging countries and Asia** continued to enjoy **vigorous 8.5% organic growth** across all of the Group's businesses in 2008. However, organic growth for the fourth quarter was barely positive (0.6%), due to the steep decline in eastern European economies, and to a lesser extent the lackluster performance of certain Asian markets. Operating margin for the region remained high for the full year, at 10.5% of sales.

\* \* \*

## 2008 consolidated financial statements

The Group's 2008 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 19, 2009. Key consolidated data are summarized below:

	2007 € millions	2008 € millions	% change
<b>Sales and ancillary revenue</b>	<b>43,421</b>	<b>43,800</b>	<b>+0.9%</b>
<b>Operating income</b>	<b>4,108</b>	<b>3,649</b>	<b>-11.2%</b>
Operating depreciation and amortization	1,521	1,511	-0.7%
<b>EBITDA</b>	<b>5,629</b>	<b>5,160</b>	<b>-8.3%</b>
Non-operating costs <sup>1</sup>	(290)	(310)	+6.9%
Provision for Flat Glass fines	(694)	(400)	-42.4%
Capital gains and losses on disposals and exceptional asset write-downs	30	(127)	n.m.
Dividends received	2	3	n.m.
<b>Business income</b>	<b>3,156</b>	<b>2,814</b>	<b>-10.8%</b>
Net financial expense	(701)	(750)	+7.0%
Income tax	(926)	(638)	-31.1%
Share in net income of associates	14	11	n.m.
Income before minority interests	1,543	1,437	-6.9%
Minority interests	(56)	(59)	+5.4%
<b>Recurring net income<sup>2</sup></b>	<b>2,114</b>	<b>1,914</b>	<b>-9.5%</b>
<b>Recurring<sup>2</sup> earnings per share<sup>3</sup> (in €)</b>	<b>5.65</b>	<b>5.00</b>	<b>-11.5%</b>
Net income	1,487	1,378	-7.3%
Earnings per share <sup>3</sup> (in €)	3.97	3.60	-9.3%
Cash flow from operations <sup>4</sup>	3,762	3,524	-6.3%
<b>Cash flow from operations excluding capital gains tax<sup>2</sup></b>	<b>3,712</b>	<b>3,487</b>	<b>-6.1%</b>
Capital expenditure	2,273	2,149	-5.5%
<b>Free cash flow (excluding capital gains tax)<sup>2</sup></b>	<b>1,439</b>	<b>1,338</b>	<b>-7.0%</b>
Investments in securities	965	2,358	+144.4%
<b>Net debt</b>	<b>9,928</b>	<b>11,679</b>	<b>+17.6%</b>

1 Excluding the provision for Flat Glass fines (European Commission).

2 Excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions (including the Flat Glass fines levied by the European Commission).

3 Calculated based on the number of shares outstanding at December 31 (382,571,985 shares in 2008 versus 374,216,152 shares in 2007). Based on the weighted average number of shares outstanding (374,998,085 shares in 2008 versus 367,124,675 in 2007), recurring earnings per share comes out at €5.10 (compared with €5.76 in 2007), and earnings per share comes out at €3.67 (compared with €4.05 in 2007).

4 Excluding material non-recurring provisions (which include the Flat Glass fines levied by the European Commission).

**Sales** edged up 0.9% in 2008, or **3.7% at constant exchange rates** (based on average exchange rates for 2007). The positive 3.3% impact of changes in Group structure was largely offset by the negative 2.7% currency impact reflecting a renewed decline in the dollar and pound sterling. **Like-for-like**, consolidated sales remained **broadly unchanged (up 0.3%)**, with the 3.4% rise in sales prices offsetting the 3.1% fall in volumes, mainly in the second half (down 5.2%) and particularly in the fourth quarter (down 9.3%).

**Operating income** shed 11.2%, or **9.1% at constant exchange rates\***. The Group's operating margin came in at **8.3%** of sales (**11.0%** excluding Building Distribution), versus 9.5% (12.1% excluding Building Distribution) in 2007 and **8.9%** (**10.9%** excluding Building Distribution) in 2006.

**Non-operating costs** came in at €710 million (€984 million in 2007), including €190 million in industrial restructuring costs, €75 million regarding asbestos-related claims filed against CertainTeed in the US (respectively, €172 million and €90 million in 2007), and €400 million in additions to the provision set aside for the €896 million fine levied by the European Commission against the automotive Flat Glass business on November 12, 2008. The Group has decided to appeal against this ruling.

**The net balance of capital gains and losses on disposals and exceptional asset write-downs** was a negative €127 million, including €53 million in capital gains on disposals and €180 million in exceptional asset write-downs.

**Business income** dropped 10.8% after taking into account the items mentioned above (non-operating costs and capital gains/losses on disposals and exceptional asset write-downs).

**Net financial expense** amounted to €750 million in 2008, compared with €701 million in 2007, reflecting mainly the rise in average net debt over the full year: the average cost of net debt increased from 5.36% in 2007 to 5.54% in 2008. **The interest cover ratio (operating income over interest expense) came out at 4.9.**

**Recurring net income** (excluding capital gains and losses, exceptional asset write-downs and material non-recurring provisions, including Flat Glass fines) **fell 9.5% to €1,914 million** from €2,114 million in 2007. Based on the number of shares outstanding at December 31, 2008 (382,571,985 shares versus 374,216,152 shares at December 31, 2007), **recurring earnings per share comes out at €5.00**, down 11.5% on 2007 (€5.65).

**Net income** was **7.3% lower year-on-year, at €1,378 million**. Based on the number of shares outstanding at December 31, 2008 (382,571,985 shares versus 374,216,152 shares at December 31, 2007), **earnings per share comes out at €3.60**, down 9.3% on 2007 (€3.97).

**Capital expenditure** was scaled back 5.5% in the year (12% in second-half 2008 compared with second-half 2007), to **€2,149 million** (€2,273 million in 2007), and represented **4.9% of sales** (5.2% in 2007). The bulk of investments (62%) focused on markets linked to energy efficiency (Flat Glass and Construction Products) and on selective projects in emerging countries (e.g. new float-line in Egypt).

**Cash flow from operations** (excluding provision for Flat Glass fines) fell 6.3% year-on-year to €3,524 million. Before the tax impact of capital gains and losses and asset write-downs, cash flow from operations retreated 6.1% to €3,487 million versus €3,712 million in 2007.

**Free cash flow (cash flow from operations less capital expenditure)** declined 7.7% to €1,375 million. Before the tax impact of capital gains and losses and asset write-downs, **free cash flow dropped 7.0% to €1,338 million, representing 3.1% of sales.**

**Investments in securities** amounted to **€2,358 million**, including €1,528 million in respect of the Maxit acquisition (signed in 2007 but completed in March 2008), and €635 million in bolt-on acquisitions in the Building Distribution sector. **Investments in securities were curbed significantly in the second half of 2008** (down to €180 million from €652 million in the first half of the year, excluding Maxit).

**Net debt** was €11,679 million at December 31, 2008, representing 80% of consolidated shareholders' equity, versus 65% at end-2007.

\* Based on average exchange rates for 2007.

## Update on asbestos claims in the United States

Some 5,000 claims were filed against CertainTeed in 2008, versus 6,000 in 2007. Around 8,000 claims were settled over the period, while 3,000 claims were transferred to the inactive docket, bringing the total number of outstanding claims to 68,000 at December 31, 2008, compared with 74,000 at December 31, 2007. A total of USD 71 million in indemnity payments were made over the last 12 months, compared to USD 73 million over 2007.

In light of these trends, an additional provision of €75 million was recorded in 2008 (€90 million in 2007) increasing the coverage for CertainTeed's asbestos-related claims to around USD 502 million at December 31, 2008, versus USD 473 million at end-2007.

## Action plan in response to crisis: Rights issue and other financial and operational measures

The Saint-Gobain Group intends to press ahead with the implementation of its medium-term strategy and continue to enjoy front-ranking positions in all of its businesses.

The Group has decided to **launch a rights issue** in order to anticipate its future financing needs and maintain strict financial discipline in a challenging economic and financial environment. This capital increase will be accompanied by a wide and coherent plan of **financial, operational and strategic measures, which have already been initiated by the Group**. These measures will be **actively pursued and could be intensified**.

The €1.5 billion rights issue, with warrants, will be fully underwritten by the banks and will strengthen the Group's financial flexibility. It will also improve its debt/equity ratio and equity risk premium, strengthen its credit rating and provide satisfactory long-term access to financing markets.

From an operational standpoint, the Group will:

- continue to prioritize **sales prices**, as in 2008 (up 3.4% over the year and 3.8% over the second half),
- press ahead with a significant **cost-cutting** program across all businesses:
  - **in 2008, staff numbers were cut by 8,000** worldwide (compared with 4,000 announced in July) while **cost savings totaled €400 million** (versus a target of €300 million).
  - **for 2009, the Group aims to scale back costs a further €600 million**, bringing total cost savings to **€1 billion** in 2008-2009.
- further optimize its **cash flow generation (free cash flow of €1.4 billion in 2008)**, by :
  - maintaining a tight rein on working capital (**gain of 2 additional days in 2008, driving down days' sales outstanding** to 38 compared with 40 in 2007);
  - significantly curbing capital expenditure (**at least 25% or €500 million in 2009**) compared with the 2008 level.
- **manage divestments in a dynamic and timely manner:**
  - carrying out small- or medium-sized disposals;
  - implementing the sale of the Packaging business as and when the opportunity arises. This divestment is part of a strategy that has been temporarily put on hold given the difficulties encountered by potential acquirers in securing funding.
- **put on hold any acquisition projects in 2009.**

Concerning the dividend policy, Executive Management will recommend to Compagnie de Saint-Gobain's Board of Directors on March 19 that it propose to the Shareholders' Meeting on June 4, 2009 a dividend payment of €486 million\*\*, or €1.00 per share. **This represents 35%\*\* of earnings per share, 25%\*\* of recurring earnings per share and a net dividend yield of 3.0%** based on the closing share price at December 31, 2008. The dividend may be paid **in cash or in shares**, at shareholders' discretion.

## Details of the rights issue

Saint-Gobain is to launch a rights issue for around €1.5 billion by creating 108 million new shares. The issue will be carried out by means of a free allotment of warrants to existing shareholders:

- each shareholder will be allotted 1 free warrant per share held at the close of trading on February 20;
- 7 warrants will enable their holders to subscribe to 2 new shares at a price of €14 per new share.

The subscription period for the new shares will run from February 23, 2009 to March 6, 2009 inclusive. During this period, the warrants will be listed and negotiable on Euronext Paris.

The settlement and listing of the new shares on Euronext Paris and other markets is scheduled for March 23, 2009.

The new shares will carry dividend rights from January 1, 2008 and will entitle holders to dividends paid in respect of 2008 and subsequent years. Accordingly, they will be treated in the same manner as existing shares.

## Outlook

In a context of limited visibility resulting from the global economic crisis – which makes the 2010 objectives set by the Group in 2007 obsolete – Saint-Gobain expects 2009 to be an extremely challenging year, particularly in the first six months due to a higher year-on-year basis for comparison.

The Group stands to benefit fully as soon as the impacts of the economic stimulus packages and energy-efficiency plans launched by Western governments begin to be felt, owing to its worldwide leadership in energy efficient solutions for the construction industry, which represents almost one-third of total sales and 40% of operating income. The Group's strong exposure to the building renovation market in Europe (36% of Group sales) should help counter the expected decline in new construction.

Saint-Gobain will also press ahead with its R&D initiatives, focusing on target strategic priorities for high-potential projects (particularly in solar technology) and continue its selective expansion in emerging countries.

Saint-Gobain will be ideally placed to fully benefit from economic recovery when it occurs and to leverage any growth opportunities that may arise in its wake, buoyed by its worldwide leadership of the construction market and front-ranking position in energy efficiency, supported by a healthy balance sheet and strong cash-generating ability.

\* \* \*

## Forthcoming results announcements

- Sales for the first quarter of 2009: April 29, 2009, after close of trading on the Paris Bourse.

\* \* \*

\*\* cancel and replace the amount of €378m and the distribution rates of 28% and 20% initially published by mistake

### **Information for the public**

*A prospectus approved by the Autorité des marchés financiers (the “AMF” the French Securities Regulator) will be available free of charge at the head office of the Compagnie de Saint-Gobain as well as on the Internet websites of the Compagnie de Saint-Gobain (“www.saint-gobain.com”) and of the AMF (“www.amf-france.org”). The prospectus will consist of the reference document filed with the AMF on April 8, 2008 under No D.08-0214, of its actualization that will be filed with the AMF and of an offering memorandum (which includes a summary).*

*The Compagnie de Saint-Gobain draws the attention of investors to the risk factors section in the prospectus that will be approved by the AMF.*

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

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

I. SALES	2007 (in EUR m)	2008 (in EUR m)	change on an actual structure basis	change on a comparable structure basis	change on a comparable structure and currency basis
<b>By sector and division:</b>					
<b>Innovative Materials (1)</b>	<b>10,334</b>	<b>9,677</b>	<b>-6.4%</b>	<b>-1.5%</b>	<b>+1.3%</b>
Flat Glass	5,611	5,549	-1.1%	-1.6%	+1.0%
High-Performance Materials (2)	4,752	4,165	-12.4%	-1.1%	+1.9%
<b>Construction Products (1)</b>	<b>11,112</b>	<b>12,035</b>	<b>+8.3%</b>	<b>-1.8%</b>	<b>+1.4%</b>
Interior Solutions	6,628	6,149	-7.2%	-8.4%	-5.0%
Exterior Solutions	4,516	5,919	+31.1%	+7.9%	+10.8%
<b>Building Distribution</b>	<b>19,480</b>	<b>19,696</b>	<b>+1.1%</b>	<b>-4.3%</b>	<b>-1.9%</b>
<b>Packaging (3)</b>	<b>3,546</b>	<b>3,547</b>	<b>+0.0%</b>	<b>+4.7%</b>	<b>+7.4%</b>
<i>Internal sales and misc.</i>	<i>(1,080)</i>	<i>(1,192)</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>GROUP TOTAL</b>	<b>43,421</b>	<b>43,800</b>	<b>+0.9%</b>	<b>-2.4%</b>	<b>+0.3%</b>

(1) including intra-sector eliminations

(2) of which Reinforcements & Composites businesses (sold on November 1, 2007): €593m in 2007 before inter-business eliminations

(3) of which Desjonquères (sold on March 31, 2007): €148m in 2007 before inter-business eliminations

<b>By geographic area:</b>					
France	12,931	13,076	+1.1%	+1.9%	+1.9%
Other Western European countries	19,905	19,941	+0.2%	-6.3%	-2.8%
North America	5,793	5,499	-5.1%	-7.6%	-0.9%
Emerging countries and Asia	6,921	7,404	+7.0%	+6.8%	+8.5%
<i>Internal sales</i>	<i>(2,129)</i>	<i>(2,120)</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>GROUP TOTAL</b>	<b>43,421</b>	<b>43,800</b>	<b>+0.9%</b>	<b>-2.4%</b>	<b>+0.3%</b>

II. OPERATING INCOME	2007 (in EUR m)	2008 (in EUR m)	change on an actual structure basis	2007 (in % of sales)	2008 (in % of sales)
<b>By sector and division:</b>					
<b>Innovative Materials</b>	<b>1,302</b>	<b>1,244</b>	<b>-4.5%</b>	<b>12.6%</b>	<b>12.9%</b>
Flat Glass	717	701	-2.2%	12.8%	12.6%
High-Performance Materials (1)	585	543	-7.2%	12.3%	13.0%
<b>Construction Products</b>	<b>1,313</b>	<b>1,070</b>	<b>-18.5%</b>	<b>11.8%</b>	<b>8.9%</b>
Interior Solutions	980	592	-39.6%	14.8%	9.6%
Exterior Solutions	333	478	+43.5%	7.4%	8.1%
<b>Building Distribution</b>	<b>1,102</b>	<b>894</b>	<b>-18.9%</b>	<b>5.7%</b>	<b>4.5%</b>
<b>Packaging (2)</b>	<b>401</b>	<b>442</b>	<b>+10.2%</b>	<b>11.3%</b>	<b>12.5%</b>
Misc.	(10)	(1)	n.s.	n.s.	n.s.
<b>GROUP TOTAL</b>	<b>4,108</b>	<b>3,649</b>	<b>-11.2%</b>	<b>9.5%</b>	<b>8.3%</b>

(1) of which Reinforcements & Composites businesses (sold on November 1, 2007): €49m in 2007

(2) of which Desjonquères (sold on March 31, 2007): €24m in 2007

<b>By geographic area:</b>					
France	1,096	1,062	-3.1%	8.5%	8.1%
Other Western European countries	1,869	1,530	-18.1%	9.4%	7.7%
North America	344	283	-17.7%	5.9%	5.1%
Emerging countries and Asia	799	774	-3.1%	11.5%	10.5%
<b>GROUP TOTAL</b>	<b>4,108</b>	<b>3,649</b>	<b>-11.2%</b>	<b>9.5%</b>	<b>8.3%</b>

III. BUSINESS INCOME	2007 (in EUR m)	2008 (in EUR m)	change on an actual structure basis	2007 (in % of sales)	2008 (in % of sales)
<b>By sector and division:</b>					
<b>Innovative Materials</b>	<b>284 (a)</b>	<b>712 (a)</b>	<b>n.s.</b>	<b>2.7%</b>	<b>7.4%</b>
Flat Glass	(49) (a)	212 (a)	n.s.	-0.9%	3.8%
High-Performance Materials (1)	333 (b)	500	+50.2%	7.0%	12.0%
<b>Construction Products</b>	<b>1,243</b>	<b>948</b>	<b>-23.7%</b>	<b>11.2%</b>	<b>7.9%</b>
Interior Solutions	962	579	-39.8%	14.5%	9.4%
Exterior Solutions	281	369	+31.3%	6.2%	6.2%
<b>Building Distribution</b>	<b>1,069</b>	<b>826</b>	<b>-22.7%</b>	<b>5.5%</b>	<b>4.2%</b>
<b>Packaging (2)</b>	<b>688 (c)</b>	<b>432</b>	<b>-37.2%</b>	<b>n.s.</b>	<b>12.2%</b>
Misc.	(128) (d)	(104) (d)	n.s.	n.s.	n.s.
<b>GROUP TOTAL</b>	<b>3,156</b>	<b>2,814</b>	<b>-10.8%</b>	<b>7.3%</b>	<b>6.4%</b>

(a) after provisions for Flat Glass fines (European Commission): €400m in 2008 and €694m in 2007

(b) after €190m of asset write-downs related to the disposal of the Reinforcements & Composites businesses

(c) after €283m of capital gains following the disposal of Desjonquères

(d) after asbestos-related charge (before tax) of €75m in 2008 versus €90m in 2007

(1) of which Reinforcements & Composites businesses (sold on November 1, 2007): -€47m in 2007

(2) of which Desjonquères (sold on March 31, 2007): €23m in 2007

<b>By geographic area:</b>					
France	816 (a)	838 (a)	+2.7%	6.3%	6.4%
Other Western European countries	1,536 (a)	1,107 (a)	-27.9%	7.7%	5.6%
North America	109 (b)	162 (b)	+48.6%	1.9%	2.9%
Emerging countries and Asia	695	707	+1.7%	10.0%	9.5%
<b>GROUP TOTAL</b>	<b>3,156</b>	<b>2,814</b>	<b>-10.8%</b>	<b>7.3%</b>	<b>6.4%</b>

(a) after provisions for Flat Glass fines (European Commission): €400m in 2008 and €694m in 2007  
(b) after asbestos-related charge (before tax) of €75m in 2008 versus €90m in 2007

<b>IV. CASH FLOW</b>	<b>2007</b> (in EUR m)	<b>2008</b> (in EUR m)	<b>change on</b> <b>an actual</b> <b>structure basis</b>	<b>2007</b> (in % of sales)	<b>2008</b> (in % of sales)
<b><u>By sector and division:</u></b>					
<b>Innovative Materials</b>	<b>1,164</b>	<b>1,170</b>	<b>+0.5%</b>	<b>11.3%</b>	<b>12.1%</b>
Flat Glass	677	733	+8.3%	12.1%	13.2%
High-Performance Materials (1)	487	437	-10.3%	10.2%	10.5%
<b>Construction Products</b>	<b>1,060</b>	<b>885</b>	<b>-16.5%</b>	<b>9.5%</b>	<b>7.4%</b>
Interior Solutions	739	480	-35.0%	11.1%	7.8%
Exterior Solutions	321	405	+26.2%	7.1%	6.8%
<b>Building Distribution</b>	<b>825</b>	<b>650</b>	<b>-21.2%</b>	<b>4.2%</b>	<b>3.3%</b>
<b>Packaging (2)</b>	<b>425</b>	<b>510</b>	<b>+20.0%</b>	<b>12.0%</b>	<b>14.4%</b>
Misc.	288	309	n.s.	n.s.	n.s.
<b>GROUP TOTAL</b>	<b>3,762</b>	<b>3,524</b>	<b>-6.3%</b>	<b>8.7%</b>	<b>8.0%</b>

(1) of which Reinforcements & Composites businesses (sold on November 1, 2007): €25m in 2007

(2) of which Desjonquères (sold on March 31, 2007): €14m in 2007

<b><u>By geographic area:</u></b>					
France	866	720	-16.9%	6.7%	5.5%
Other Western European countries	1,731	1,655	-4.4%	8.7%	8.3%
North America	401 (a)	314 (a)	-21.7%	6.9%	5.7%
Emerging countries and Asia	764	835	+9.3%	11.0%	11.3%
<b>GROUP TOTAL</b>	<b>3,762</b>	<b>3,524</b>	<b>-6.3%</b>	<b>8.7%</b>	<b>8.0%</b>

(a) after asbestos-related charge (after tax) of €46m in 2008 versus €55m in 2007

<b>V. CAPITAL EXPENDITURE</b>	<b>2007</b> (in EUR m)	<b>2008</b> (in EUR m)	<b>change on</b> <b>an actual</b> <b>structure basis</b>	<b>2007</b> (in % of sales)	<b>2008</b> (in % of sales)
<b><u>By sector and division:</u></b>					
<b>Innovative Materials</b>	<b>761</b>	<b>799</b>	<b>+5.0%</b>	<b>7.4%</b>	<b>8.3%</b>
Flat Glass	523	576	+10.1%	9.3%	10.4%
High-Performance Materials (1)	238	223	-6.3%	5.0%	5.4%
<b>Construction Products</b>	<b>830</b>	<b>758</b>	<b>-8.7%</b>	<b>7.5%</b>	<b>6.3%</b>
Interior Solutions	621	528	-15.0%	9.4%	8.6%
Exterior Solutions	209	230	+10.0%	4.6%	3.9%
<b>Building Distribution</b>	<b>353</b>	<b>291</b>	<b>-17.6%</b>	<b>1.8%</b>	<b>1.5%</b>
<b>Packaging (2)</b>	<b>309</b>	<b>283</b>	<b>-8.4%</b>	<b>8.7%</b>	<b>8.0%</b>
Misc.	20	18	n.s.	n.s.	n.s.
<b>GROUP TOTAL</b>	<b>2,273</b>	<b>2,149</b>	<b>-5.5%</b>	<b>5.2%</b>	<b>4.9%</b>

(1) of which Reinforcements & Composites businesses (sold on November 1, 2007): €22m in 2007

(2) of which Desjonquères (sold on March 31, 2007): €14m in 2007

<b><u>By geographic area:</u></b>					
France	536	554	+3.4%	4.1%	4.2%
Other Western European countries	698	682	-2.3%	3.5%	3.4%
North America	368	220	-40.2%	6.4%	4.0%
Emerging countries and Asia	671	693	+3.3%	9.7%	9.4%
<b>GROUP TOTAL</b>	<b>2,273</b>	<b>2,149</b>	<b>-5.5%</b>	<b>5.2%</b>	<b>4.9%</b>

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

I. SALES	H2 2007 (in EUR m)	H2 2008 (in EUR m)	change on an actual structure basis	change on a comparable structure basis	change on a comparable structure and currency basis
<b>By sector and division:</b>					
Innovative Materials (1)	5,061	4,684	-7.4%	-3.4%	-1.3%
Flat Glass	2,814	2,664	-5.3%	-5.9%	-2.7%
High-Performance Materials	2,266	2,042	-9.9%	+0.4%	+0.8%
<b>Construction Products (1)</b>	<b>5,467</b>	<b>6,047</b>	<b>+10.6%</b>	<b>-0.7%</b>	<b>+1.3%</b>
Interior Solutions	3,235	2,979	-7.9%	-9.5%	-6.6%
Exterior Solutions	2,249	3,084	+37.1%	+11.8%	+12.7%
<b>Building Distribution</b>	<b>9,958</b>	<b>9,657</b>	<b>-3.0%</b>	<b>-7.7%</b>	<b>-4.6%</b>
<b>Packaging</b>	<b>1,675</b>	<b>1,814</b>	<b>+8.3%</b>	<b>+7.5%</b>	<b>+8.2%</b>
<i>Internal sales and misc.</i>	<i>(538)</i>	<i>(565)</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>GROUP TOTAL</b>	<b>21,642</b>	<b>21,659</b>	<b>+0.1%</b>	<b>-3.8%</b>	<b>-1.4%</b>

(1) including intra-sector eliminations

<b>By geographic area:</b>					
France	6,225	6,270	+0.7%	+0.9%	+0.9%
Other Western European countries	9,985	9,697	-2.9%	-10.1%	-5.9%
North America	2,812	2,850	+1.4%	+1.1%	+1.8%
Emerging countries and Asia	3,632	3,852	+6.1%	+3.5%	+5.7%
<i>Internal sales</i>	<i>(1012)</i>	<i>(1010)</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>GROUP TOTAL</b>	<b>21,642</b>	<b>21,659</b>	<b>+0.1%</b>	<b>-3.8%</b>	<b>-1.4%</b>

II. OPERATING INCOME	H2 2007 (in EUR m)	H2 2008 (in EUR m)	change on an actual structure basis	H2 2007 (in % of sales)	H2 2008 (in % of sales)
<b>By sector and division:</b>					
Innovative Materials	636	538	-15.4%	12.6%	11.5%
Flat Glass	351	291	-17.1%	12.5%	10.9%
High-Performance Materials (1)	285	247	-13.3%	12.6%	12.1%
<b>Construction Products</b>	<b>574</b>	<b>466</b>	<b>-18.8%</b>	<b>10.5%</b>	<b>7.7%</b>
Interior Solutions	439	213	-51.5%	13.6%	7.2%
Exterior Solutions	135	253	+87.4%	6.0%	8.2%
<b>Building Distribution</b>	<b>608</b>	<b>424</b>	<b>-30.3%</b>	<b>6.1%</b>	<b>4.4%</b>
<b>Packaging</b>	<b>189</b>	<b>209</b>	<b>+10.6%</b>	<b>11.3%</b>	<b>11.5%</b>
Misc.	8	7	n.s.	n.s.	n.s.
<b>GROUP TOTAL</b>	<b>2,015</b>	<b>1,644</b>	<b>-18.4%</b>	<b>9.3%</b>	<b>7.6%</b>

(1) of which Reinforcements & Composites businesses (sold on November 1, 2007): €27m in H2 2007

<b>By geographic area:</b>					
France	531	486	-8.5%	8.5%	7.8%
Other Western European countries	943	637	-32.4%	9.4%	6.6%
North America	110	161	+46.4%	3.9%	5.6%
Emerging countries and Asia	431	360	-16.5%	11.9%	9.3%
<b>GROUP TOTAL</b>	<b>2,015</b>	<b>1,644</b>	<b>-18.4%</b>	<b>9.3%</b>	<b>7.6%</b>

III. BUSINESS INCOME	H2 2007 (in EUR m)	H2 2008 (in EUR m)	change on an actual structure basis	H2 2007 (in % of sales)	H2 2008 (in % of sales)
<b>By sector and division:</b>					
Innovative Materials	569	57	n.s.	11.2%	1.2%
Flat Glass (a)	279	(182)	n.s.	9.9%	-6.8%
High-Performance Materials (1)	290	239	-17.6%	12.8%	11.7%
<b>Construction Products</b>	<b>516</b>	<b>349</b>	<b>-32.4%</b>	<b>9.4%</b>	<b>5.8%</b>
Interior Solutions	422	196	-53.6%	13.0%	6.6%
Exterior Solutions	94	153	+62.8%	4.2%	5.0%
<b>Building Distribution</b>	<b>575</b>	<b>353</b>	<b>-38.6%</b>	<b>5.8%</b>	<b>3.7%</b>
<b>Packaging</b>	<b>226</b>	<b>201</b>	<b>-11.1%</b>	<b>13.5%</b>	<b>11.1%</b>
Misc. (b)	(51)	(43)	n.s.	n.s.	n.s.
<b>GROUP TOTAL</b>	<b>1,835</b>	<b>917</b>	<b>-50.0%</b>	<b>8.5%</b>	<b>4.2%</b>

(a) after provisions for Flat Glass fines (European Commission): €400m in H2 2008 and €694m in H2 2007

(b) after asbestos-related charge (before tax) of €37.5 in H2 2008 versus €42.5m in H2 2007

(1) of which Reinforcements & Composites businesses (sold on November 1, 2007): -€75m in H2 2007

<b>By geographic area:</b>					
France (a)	852	259	-69.6%	13.7%	4.1%
Other Western European countries (a)	608	273	-55.1%	6.1%	2.8%
North America (b)	(51)	80	n.s.	-1.8%	2.8%
Emerging countries and Asia	426	305	-28.4%	11.7%	7.9%
<b>GROUP TOTAL</b>	<b>1,835</b>	<b>917</b>	<b>-50.0%</b>	<b>8.5%</b>	<b>4.2%</b>

(a) after provisions for Flat Glass fines (European Commission): €400m in H2 2008 and €694m in H2 2007

(b) after asbestos-related charge (before tax) of €37.5 in H2 2008 versus €42.5m in H2 2007

<b>IV. CASH FLOW</b>	<b>H2 2007</b>	<b>H2 2008</b>	<b>change on an actual structure basis</b>	<b>H2 2007</b>	<b>H2 2008</b>
	<b>(in EUR m)</b>	<b>(in EUR m)</b>		<b>(in % of sales)</b>	<b>(in % of sales)</b>
<b>By sector and division:</b>					
<b>Innovative Materials</b>	<b>513</b>	<b>509</b>	<b>-0.8%</b>	<b>10.1%</b>	<b>10.9%</b>
Flat Glass	330	321	-2.7%	11.7%	12.0%
High-Performance Materials (1)	183	188	+2.7%	8.1%	9.2%
<b>Construction Products</b>	<b>483</b>	<b>406</b>	<b>-15.9%</b>	<b>8.8%</b>	<b>6.7%</b>
Interior Solutions	347	204	-41.2%	10.7%	6.8%
Exterior Solutions	136	202	+48.5%	6.0%	6.5%
<b>Building Distribution</b>	<b>445</b>	<b>315</b>	<b>-29.2%</b>	<b>4.5%</b>	<b>3.3%</b>
<b>Packaging</b>	<b>214</b>	<b>251</b>	<b>+17.3%</b>	<b>12.8%</b>	<b>13.8%</b>
Misc.	175	149	n.s.	n.s.	n.s.
<b>GROUP TOTAL</b>	<b>1,830</b>	<b>1,630</b>	<b>-10.9%</b>	<b>8.5%</b>	<b>7.5%</b>

(1) of which Reinforcements & Composites businesses (sold on November 1, 2007): €5m in H2 2007

<b>By geographic area:</b>					
France	372	317	+0.0%	0.0%	0.0%
Other Western European countries	879	742	-14.8%	6.0%	5.1%
North America (a)	177	171	-3.4%	6.3%	6.0%
Emerging countries and Asia	402	400	-0.5%	11.1%	10.4%
<b>GROUP TOTAL</b>	<b>1,830</b>	<b>1,630</b>	<b>-10.9%</b>	<b>8.5%</b>	<b>7.5%</b>

(a) after asbestos-related charge (after tax) of €23m in H2 2008 versus €26m in H2 2007

<b>V. CAPITAL EXPENDITURE</b>	<b>H2 2007</b>	<b>H2 2008</b>	<b>change on an actual structure basis</b>	<b>H2 2007</b>	<b>H2 2008</b>
	<b>(in EUR m)</b>	<b>(in EUR m)</b>		<b>(in % of sales)</b>	<b>(in % of sales)</b>
<b>By sector and division:</b>					
<b>Innovative Materials</b>	<b>522</b>	<b>493</b>	<b>-5.6%</b>	<b>10.3%</b>	<b>10.5%</b>
Flat Glass	357	356	-0.3%	12.7%	13.4%
High-Performance Materials (1)	165	137	-17.0%	7.3%	6.7%
<b>Construction Products</b>	<b>529</b>	<b>444</b>	<b>-16.1%</b>	<b>9.7%</b>	<b>7.3%</b>
Interior Solutions	391	297	-24.0%	12.1%	10.0%
Exterior Solutions	138	147	+6.5%	6.1%	4.8%
<b>Building Distribution</b>	<b>206</b>	<b>162</b>	<b>-21.4%</b>	<b>2.1%</b>	<b>1.7%</b>
<b>Packaging</b>	<b>184</b>	<b>168</b>	<b>-8.7%</b>	<b>11.0%</b>	<b>9.3%</b>
Misc.	10	10	n.s.	n.s.	n.s.
<b>GROUP TOTAL</b>	<b>1,451</b>	<b>1,277</b>	<b>-12.0%</b>	<b>6.7%</b>	<b>5.9%</b>

(1) of which Reinforcements & Composites businesses (sold on November 1, 2007): €13m in H2 2007

<b>By geographic area:</b>					
France	369	359	-2.7%	5.9%	5.7%
Other Western European countries	439	411	-6.4%	4.4%	4.2%
North America	207	124	-40.1%	7.4%	4.4%
Emerging countries and Asia	436	383	-12.2%	12.0%	9.9%
<b>GROUP TOTAL</b>	<b>1,451</b>	<b>1,277</b>	<b>-12.0%</b>	<b>6.7%</b>	<b>5.9%</b>

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

<b>SALES</b>	<b>Q4 2007 (in EUR m)</b>	<b>Q4 2008 (in EUR m)</b>	<b>change on an actual structure basis</b>	<b>change on a comparable structure basis</b>	<b>change on a comparable structure and currency basis</b>
<b><u>By sector and division:</u></b>					
<b>Innovative Materials (1)</b>	<b>2,525</b>	<b>2,228</b>	<b>-11.8%</b>	<b>-9.4%</b>	<b>-7.8%</b>
Flat Glass	1,459	1,271	-12.9%	-13.3%	-8.8%
High-Performance Materials	1,081	972	-10.1%	-3.5%	-6.1%
<b>Construction Products (1)</b>	<b>2,665</b>	<b>2,824</b>	<b>+6.0%</b>	<b>-4.0%</b>	<b>-3.3%</b>
Interior Solutions	1,600	1,425	-10.9%	-12.4%	-9.9%
Exterior Solutions	1,074	1,407	+31.0%	+8.3%	+6.4%
<b>Building Distribution</b>	<b>5,035</b>	<b>4,644</b>	<b>-7.8%</b>	<b>-11.3%</b>	<b>-7.7%</b>
<b>Packaging</b>	<b>833</b>	<b>919</b>	<b>+10.3%</b>	<b>+7.6%</b>	<b>+5.8%</b>
<i>Internal sales and misc.</i>	<i>(282)</i>	<i>(265)</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>GROUP TOTAL</b>	<b>10,791</b>	<b>10,365</b>	<b>-3.9%</b>	<b>-7.6%</b>	<b>-5.5%</b>

(1) including intra-sector eliminations

<b><u>By geographic area:</u></b>					
France	3,229	3,167	-1.9%	-1.8%	-1.8%
Other Western European countries	4,944	4,577	-7.4%	-14.3%	-9.7%
North America	1,318	1,320	+0.2%	+2.6%	-6.2%
Emerging countries and Asia	1,809	1,793	-0.9%	-5.1%	+0.6%
<i>Internal sales</i>	<i>(509)</i>	<i>(492)</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>GROUP TOTAL</b>	<b>10,791</b>	<b>10,365</b>	<b>-3.9%</b>	<b>-7.6%</b>	<b>-5.5%</b>

## Appendix 4: Consolidated Balance Sheet

€ millions	Dec. 31, 2008	Dec. 31, 2007
<b>Assets</b>		
Goodwill	10,671	9,240
Other intangible assets	2,868	3,125
Property, plant and equipment	13,374	12,753
Investments in associates	116	123
Deferred tax assets	507	328
Other non-current assets	490	472
<b>Non-current assets</b>	<b>28 026</b>	<b>26,041</b>
Inventories	6,113	5,833
Trade accounts receivable	5,647	6,211
Current tax receivable	248	173
Other accounts receivable	1,424	1,481
Assets held for sale	0	105(a)
Cash and cash equivalents	1,937	1,294
<b>Current assets</b>	<b>15,369</b>	<b>15,097</b>
<b>Total assets</b>	<b>43,395</b>	<b>41,138</b>
<b>Liabilities and Shareholders' equity</b>		
Capital stock	1,530	1,497
Additional paid-in capital and legal reserve	3,940	3,617
Retained earnings and net income for the year	10,910	10,625
Cumulative translation adjustments	(1,740)	(564)
Fair value reserves	(160)	8
Treasury stock	(206)	(206)
<b>Shareholders' equity</b>	<b>14,274</b>	<b>14,977</b>
Minority interests	256	290
<b>Total equity</b>	<b>14,530</b>	<b>15,267</b>
Long-term debt	10,365	8,747
Provisions for pensions and other employee benefits	2,443(b)	1,807
Deferred tax liabilities	1,130	1,277
Provisions for other liabilities and charges (c)	1,950	1,483
<b>Non-current liabilities</b>	<b>15,888</b>	<b>13,314</b>
Current portion of long-term debt	1,364	971
Current portion of provisions for other liabilities and charges (c)	460	547
Trade accounts payable	5,613	5,752
Current tax liabilities	263	317
Other accounts payable	3,390	3,425
Liabilities held for sale	0	41(a)
Short-term debt and bank overdrafts	1,887	1,504
<b>Current liabilities</b>	<b>12,977</b>	<b>12,557</b>
<b>Total equity and liabilities</b>	<b>43,395</b>	<b>41,138</b>

(a) SG VTX America Plastic.

(b) The increase in the provision for pensions reflects lower yields reported by pension funds in the US and the UK.

(c) In light of developments in the anti-trust dispute and the appeal filed by the Group, the balance of the provision at December 31, 2008 was classified in other non-current liabilities. The provision recognized at December 31, 2007 was also reclassified in other non-current liabilities in the comparative 2007 balance sheet for an amount of €560 million.

## Debt at December 31, 2008

### Appendix 5

Amounts in €billions

Comments

<b>Breakdown of net debt</b>	<b>€bn</b>	
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Gross debt	13,6	78% of net debt at December 31, 2008 is <b>afixed rates</b> . The <b>average cost</b> of net debt was <b>5.5% in 2008</b> .
Cash and cash equivalents	1,9	
Net debt	11,7	

<b>Breakdown of gross debt</b>	<b>13,6</b>	
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<b>Bond debt</b>	<b>8,9</b>	Amounts and maturities given below.
July 2009	1,0	
March 2010	0,4	
April 2010	1,0	
May 2011	1,1	
April 2012	1,3	
September 2013	0,8	
April 2014	0,5	In January 2009, Saint-Gobain issued €1bn in bonds maturing in July 2014
Beyond 2014	2,8	
 <b>Other long-term debt</b>	 <b>2,5</b>	 o/w €2.0bn loan relating to Maxit (maturing in Oct. 2010).
 <b>Short-term debt</b>	 <b>2,2</b>	 (Excluding bonds)
Commercial paper (< 3 months)	0,7	Maximum issue under the program €3bn.
Securitized trade receivables	0,5	€0.3bn in USD and €0.2bn in GBP. Renewed annually.
Debt contracted locally and accrued interest	1,0	Renewed annually. More than 500 sources of financing.

<b>Credit lines and cash &amp; cash equivalents</b>	<b>5,1</b>	
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Cash & cash equivalents	1,9	
Back-up credit lines	3,2	See breakdown below. At December 31, 2008.

<b>Breakdown of back-up credit lines</b>	<b>3,2</b>	
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All credit lines are confirmed and undrawn. None are subject to Material Adverse Change (MAC) clauses.

	Maturity	Financial covenants	Position at Dec. 31, 2008
Syndicated loan: €2.0bn	Nov. 2011	None	
Syndicated loan: €0.5bn	Aug. 2010	Net debt/ EBITDA < 3.75x EBITA/ Net financial expense > 3.5x	2,3 x 5,0 x
7 bilateral credit lines: €0.7bn	2009: €0.5bn 2010: €0.2bn	o/w €0.3bn with identical criteria as those applicable to the above €0.5bn bank loan.	