

SALES FOR THE FIRST NINE MONTHS OF 2010:

- ▶ **+5.5% on a reported basis; +1.4% like-for-like**

SALES FOR THIRD-QUARTER 2010:

- ▶ **+7.8% on a reported basis; +2.3% like-for-like**

Saint-Gobain's consolidated sales for the first nine months of 2010 came in at **€30,007 million**, versus €28,435 million for the same year-ago period, representing a **rise of 5.5% on an actual structure basis**.

Currency fluctuations contributed significantly (3.8%) to sales growth, owing to the appreciation of Scandinavian currencies and the currencies of the Group's main emerging markets – especially the Brazilian real – against the euro. **On a constant exchange rate basis***, sales therefore rose **1.7%**. Changes in Group structure had a slightly positive impact, representing 0.3% of sales growth over the period.

On a like-for-like basis (constant Group structure and exchange rates), consolidated sales climbed 1.4% over the nine months to September 30, 2010, including a positive 0.8% volume impact and a **positive 0.6% price effect**.

In the third quarter alone, consolidated sales **surged 7.8%** to **€10,478 million** from €9,720 million in the three months to September 30, 2009. **Organic growth was 2.3%** (reflecting a positive 0.7% volume impact and a **positive 1.6% price effect**). This followed organic growth of 3.9% in the second quarter, including a positive 3.1% volume impact (1.4% of which was attributable to a higher number of working days) and a positive 0.8% price effect, and negative organic growth of 2.4% in the first three months of the year (reflecting a negative 1.7% volume impact and a negative 0.7% price effect).

Based on a constant number of working days, this third-quarter trading performance confirms the upturn in sales volumes observed in the three months to June 30, 2010, despite a much tougher basis for comparison (sales volumes fell 12.9% in third-quarter 2009, versus a decline of 17.1% in the second quarter of that year).

The upward trend in sales prices – which also began in the second quarter – **intensified in the three months to September 30, 2010, reflecting the price increases implemented in all of the Group's Business Sectors and divisions** over the past few months.

* Exchange rates for the first nine months of 2009.

Along the lines of the second quarter, the Group's organic growth in the three months to September 30, 2010 continued to be driven by the emerging countries and Asia region and by the Innovative Materials Sector, which both reported double-digit growth. The second-quarter recovery of Group businesses linked to European construction gathered pace, despite a tougher basis for comparison. In contrast, businesses related to North American construction markets were hit by the repercussions of over-optimistic expectations from distributors, whose restocking had inflated first-half figures. Household consumption remained stable over the period.

The table below presents sales trends by Business Sector and major geographic area over the first nine months of 2010. Figures for the same period in 2009 are provided for comparison purposes:

	Sales for the first nine months of 2009 (€m)	Sales for the first nine months of 2010 (€m)	% change on an actual structure basis	% change on a comparable structure basis	% change on a like-for-like basis
<u>BY BUSINESS SECTOR</u>					
Innovative Materials (1)	5,755	6,918	+20.2%	+19.8%	+13.5%
<i>Flat Glass</i>	3,358	3,854	+14.8%	+14.9%	+8.9%
<i>High-Performance Materials</i>	2,412	3,078	+27.6%	+26.4%	+19.8%
Construction Products (1)	7,987	8,269	+3.5%	+2.9%	-1.1%
<i>Interior Solutions</i>	3,809	3,872	+1.7%	+0.7%	-2.9%
<i>Exterior Solutions</i>	4,204	4,424	+5.2%	+4.8%	+0.5%
Building Distribution	12,816	12,892	+0.6%	+0.3%	-2.2%
Packaging	2,620	2,683	+2.4%	+2.4%	-0.1%
<i>Internal sales and other</i>	(743)	(755)	-----	-----	-----
GROUP	28,435	30,007	+5.5%	+5.2%	+1.4%
<u>BY GEOGRAPHIC AREA</u>					
France	8,622	8,520	-1.2%	-1.2%	-1.2%
Other Western European countries	12,446	12,724	+2.2%	+2.1%	-0.5%
North America	3,808	4,287	+12.6%	+11.6%	+6.8%
Emerging countries and Asia/Pacific	4,672	5,831	+24.8%	+23.4%	+10.7%
<i>Internal sales</i>	(1,113)	(1,355)	-----	-----	-----
GROUP	28,435	30,007	+5.5%	+5.2%	+1.4%

(1) Including inter-division eliminations.

Like-for-like performance of Business Sectors

- **Innovative Materials once again delivered the Group's best organic growth, over both the nine months to September 30, 2010 (13.5%) and the third quarter (12.8%).** However, the pace of growth slowed compared to the 17.0% recorded in the second quarter, due to a tougher basis for comparison. Overall, the Innovative Materials Sector continued to benefit from a bullish economic climate in emerging countries and Asia (which accounted for 37% of the Sector's sales over the first nine months of 2010), as well as from vigorous industrial markets in both North America and Western Europe.
 - **Flat Glass sales rose 8.9% over the nine months to September 30, 2010 and 6.5% over the third quarter.** Volume growth over the last three months continued to be powered by Asia and emerging countries and to a lesser extent – due chiefly to the tough basis for comparison – by Automotive Glass in Europe. For the first time in six quarters, sales prices for the Flat Glass Sector as a whole increased, up 2.2% in the three months to September 30. This primarily reflected an increase in commodity prices (float glass), and the initial impacts of passing on this increase to processed products. The Construction Glass business in Western Europe reported a noticeable improvement in France and Germany, but remained sluggish in most other countries.
 - **High-Performance Materials (HPM) continued to deliver stellar growth, with sales surging 19.8% over the first nine months of 2010 and 21.0% in the third quarter.** Trading remained upbeat in all regions, particularly North America and Asia (both reporting organic growth of around 30% in the third quarter), buoyed by vigorous industrial output combined with a recovery in the corporate spending cycle.
- **Sales for the Construction Products (CP) Sector edged down 1.1% over the nine months to September 30, 2010 and 3.1% over the third quarter.** This results from the strong contrasting trends in the third quarter between Western Europe, emerging countries and Asia, which continued to improve and/or grow sharply, and North America, hit by the repercussions of over-optimistic expectations from distributors, whose restocking had inflated first-half figures. In contrast, sales prices for both Interior and Exterior Solutions were up across all regions in the third quarter.
 - **Like-for-like sales for the Interior Solutions business slipped 2.9% over the first nine months of the year and 1.4% over the third quarter.** The relative improvement in market conditions across Western and Eastern Europe begun in the second quarter continued in the three months to September 30, 2010. However, this was more than offset by renewed weakness in North American construction markets.
 - **Sales for the Exterior Solutions business edged up 0.5% over the nine months to September 30, 2010, but were down 4.5% over the third quarter** on the back of a sharp drop in sales volumes for Exterior Products (roofing products in the US) during the summer. Industrial Mortars benefited over the last three months from the gradual improvement in market conditions across Western Europe, while Pipe continued to trade well in its export business.
- **Building Distribution posted a 2.2% drop in sales over the first nine months, but returned to growth in the third quarter (up 1.4%).** This positive trend stems primarily from the gradual recovery observed in Germany, the UK and Scandinavia as from March, and to a lesser extent, from the more recent rebound in Eastern Europe. Sales for France remained virtually stable in the third quarter after a slight increase in September. Southern Europe remained in the doldrums.
- **Packaging continued to report robust trading conditions, with sales virtually stable year-on-year for the nine months to September 30, 2010 (down 0.1%) as well as for the third quarter (up 0.2%).** Both volumes and sales prices remained in line with the healthy levels of 2009.

Like-for-like analysis by geographic area

Barring North America, all geographic areas delivered organic growth in the third quarter, confirming the trends observed in the three months to June 30, 2010. Emerging countries and Asia once again delivered double-digit growth, while France and other Western European countries continued to recover, with sales inching up slightly in the third quarter.

Like-for-like trends for the third quarter show:

- **confirmation of the return to growth in France, with a timid increase in sales** (up 0.2%, after a rise of 1.1% in the second quarter, including a positive 2% impact due to the higher number of working days), driven chiefly by a robust trading performance from Innovative Materials;
- **stronger growth in other Western European countries** (up 1.8%, following a rise of 1.7% in the second quarter including a positive 1.1% impact due to the higher number of working days). This growth momentum based on a comparable number of working days was powered chiefly by the UK, Scandinavia and Germany (together representing 74% of sales in the "Other Western Europe" region). In these countries, business was especially brisk in Innovative Materials and, to a lesser extent, in Building Distribution;
- **a slowdown in trading in North America** (sales down 1.5% after a rise of 16.3% in the second quarter). Strong growth in Innovative Materials and vigorous trading in Packaging were more than offset by the decline in Construction Products sales;
- **increasing momentum across emerging countries and Asia** (sales up 12.5% after a rise of 10.4% in the second quarter), reflecting a return to robust growth in Central and Eastern Europe, and particularly Poland, which delivered double-digit growth over the third quarter. Asia and Latin America continued to post vigorous growth figures in line with second-quarter trends, despite a higher comparison basis.

Update on asbestos claims in the United States

Some 4,000 claims were filed against CertainTeed in the first nine months of 2010, compared with 3,000 claims in the same year-ago period. Taking into account around 13,000 claims settled or transferred to inactive dockets in the nine-month period (versus 5,000 in the first nine months of 2009), the total number of outstanding claims fell sharply, to around 55,000 at September 30, 2010 compared with 64,000 at June 30, 2010.

Outlook and objectives for full-year 2010

Overall, the third quarter confirms the gradual improvement in the Group's main businesses observed in the three months to June 30, 2010, particularly in European Construction.

In the fourth quarter, despite a significantly tougher basis for comparison (especially for Innovative Materials), the Group should keep a positive momentum:

- ongoing vigorous growth in **Asia and emerging countries**, with Eastern European markets confirming their return to growth;
- consolidation of the relative improvement in Group businesses linked to construction markets across **Western Europe**. However, trends will continue to vary widely from one country to the next (robust

growth in the UK, Scandinavia and Germany; further decline in Southern Europe; start of a recovery in France). Industrial markets and household consumption should remain buoyant;

- ongoing upbeat trading conditions **in North America** for Group businesses exposed to industrial output and household consumption. Conditions in the construction market should remain challenging.

The Group will continue to pursue its action plan priorities in the fourth quarter, amid a broadly improving but still fragile economic climate with persistently strong disparities from one country to the next.

In particular:

- along the lines of the last six months, and following the 0.8% and 1.6% increases in the second and third quarters, respectively, **the Group will continue to give priority to sales prices**, particularly in order to pass on the higher costs of raw materials and energy;

- it will complete its additional €200 million cost cutting program, resulting in €600 million more cost savings than in 2009;

- it will maintain strict financial discipline.

Accordingly, **for full-year 2010**, the Group is confirming the objectives that it raised in July:

- **strong growth in operating income** at constant exchange rates (2009 exchange rates), with operating income for second-half 2010 slightly above the first half;

- **free cash flow of €1.4 billion**, despite an increase in capital expenditure in the second half.

The Group will also seek to maintain a robust financial structure.

Forthcoming results announcement

- Results for 2010: February 24, 2011, after close of trading on the Paris Bourse.

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Appendix: 3Q 2010 sales by Business Sector and major geographic area

	Q3 2009 (€m)	Q3 2010 (€m)	Change on an actual structure basis	Change on a comparable structure basis	Change on a comparable structure and currency basis
<u>By Business Sector and division</u>					
Innovative Materials (1)	1,953	2,383	+22.0%	+21.5%	+12.8%
Flat Glass	1,160	1,317	+13.5%	+13.3%	+6.5%
High-Performance Materials	801	1,068	+33.3%	+32.4%	+21.0%
Construction Products (1)	2,754	2,847	+3.4%	+2.5%	-3.1%
Interior Solutions	1,270	1,337	+5.3%	+3.5%	-1.4%
Exterior Solutions	1,494	1,521	+1.8%	+1.8%	-4.5%
Building Distribution	4,371	4,570	+4.6%	+4.4%	+1.4%
Packaging	876	923	+5.4%	+5.3%	+0.2%
<i>Internal sales and misc.</i>	-234	-245	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Group total	9,720	10,478	+7.8%	+7.4%	+2.3%

(1) Including inter-division eliminations

<u>By major geographic area:</u>					
France	2,727	2,734	+0.3%	+0.2%	+0.2%
Other Western European countries	4,347	4,563	+5.0%	+4.8%	+1.8%
North America	1,307	1,441	+10.3%	+9.5%	-1.5%
Emerging countries and Asia	1,724	2,200	+27.6%	+26.2%	+12.5%
<i>Internal sales</i>	-385	-460	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Group total	9,720	10,478	+7.8%	+7.4%	+2.3%