

LETTER TO Shareholders

No. 64
MAY 2012

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Heads-up with

Pierre-André de Chalendar

Chairman and Chief Executive Officer of Saint-Gobain

“For 2012 as a whole, we are confirming our targets of moderate organic growth, while operating income and profitability should remain resilient.”

Saint-Gobain has just published its sales for first-quarter 2012.

What key trends can be identified?

Amid an uncertain economic climate, the Group posted an increase in sales for first-quarter 2012, up 3.7% to €10.2 billion.

We continued to raise our sales prices in order to broadly offset the rise in raw material and energy costs over the year. Trading volumes remained satisfactory but varied widely from one region to the next. The rebound in US housing starts helped counter slack activity in Europe (due partly to harsh weather conditions in February) and the slowdown in Asia.

Thanks to our strategic positioning in high value-added habitat solutions, we continue to deliver growth ahead of our markets and to benefit from stricter energy efficiency standards in the habitat segment.

Now this first quarter is over, can you confirm the outlook for the rest of 2012? How do you see the next few months?

After a broadly satisfactory first-quarter performance despite a tough comparison basis, the Group expects the underlying trends

presented in February to continue over the next few quarters.

In Asia and emerging countries, growth should remain modest in the second quarter before picking up in the second half of the year.

In North America, industrial markets should continue to perform well and construction markets should confirm their gradual recovery.

In Western Europe, the automotive market is expected to remain difficult, while trading in other industrial markets should remain upbeat. Residential construction markets should continue to prove resilient overall, particularly in the second quarter. However, the situation should continue to vary widely from one country to the next, with further gains expected in Germany and Scandinavia and continued healthy trading in France, but persistent difficulties in Southern Europe and to a lesser extent the UK.

Lastly, household consumption markets should hold firm across all geographic areas.

Against this backdrop, providing the economic and financial crisis does not escalate, trading



**Sales for the first
quarter of 2012**

€10,162m

↗ up 3.7% on a reported basis

for the Group should remain satisfactory overall, helped by the weaker comparison bases over the next few months. For 2012 as a whole, we are therefore confirming our targets of moderate organic growth, while operating income and profitability should prove resilient.

Sales for the first quarter of 2012:

€10,162m

↗ 3.7% on a reported basis

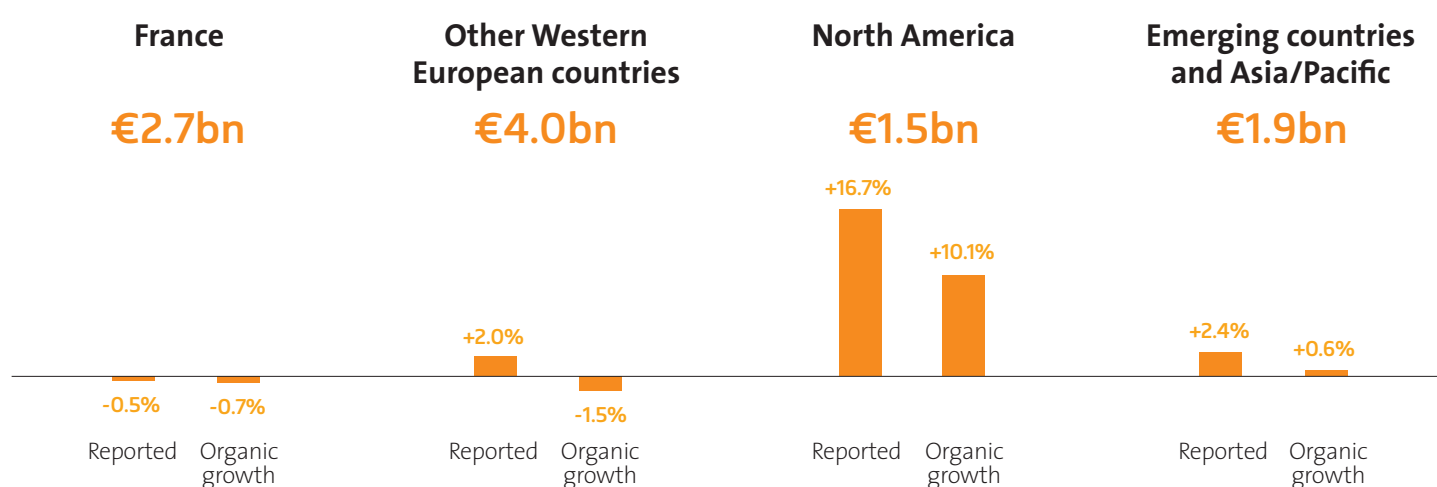
↗ 0.9% like-for-like

Targets confirmed for 2012 as a whole:

- moderate organic growth, driven chiefly by sales prices;
- operating income and profitability to prove resilient;
- high levels of free cash flow and capex to stabilize at its 2011 level (around €2 billion);
- a persistently robust balance sheet.

Sales by geographic area

Sales at March 31, 2012 (and % year-on-year change)



Based on our like-for-like sales analysis by geographic area, stark contrasts emerged between Western Europe – where sales fell slightly – and North America, which reported double-digit growth over the quarter. Trading in Asia and emerging countries stabilized at the high levels reported in first-quarter 2011.

Based on our like-for-like sales analysis by geographic area, stark contrasts emerged between Western Europe – where sales fell slightly – and North America, which reported double-digit growth over the quarter. Trading in Asia and emerging countries stabilized at the high levels reported in first-quarter 2011.

Sales in **France** and **other Western European** countries slipped **0.7%** and **1.5%** respectively, hit by a very tough basis for comparison and harsh weather conditions in February. Sales for Building Distribution and Packaging (Verallia) as well as Insulation held firm, but failed to fully offset the sharp downturn in Pipe and the decline in Flat Glass. On a country-by-country basis, trading was again buoyant in Scandinavia, powered by Norway in particular, while business across Southern Europe remained in the doldrums. Germany, France and the UK delivered a solid performance, although they were hit during the quarter by the harsh weather conditions in February.

North America posted **10.1% organic growth** on the back of a sharp upturn in sales volumes across businesses linked to construction (Construction Products and Building Distribution). All Group businesses in the region enjoyed favorable sales price trends amid upbeat industrial markets and household consumption.

Growth was very weak in **Asia and emerging countries (0.6%)**, as the contraction in our Asian operations (particularly in China and South Korea) offset ongoing bullish conditions in Latin America and small growth gains in Eastern Europe.

Update on asbestos claims in the US

Some 1,000 claims were filed against CertainTeed in the first three months of 2012, on a par with the same period in 2011. Taking into account the number of claims settled in the period (around 2,000 versus 3,000 in first-quarter 2011), the total number of outstanding claims continued to fall, down to 51,000 at March 31, 2012 from 52,000 at end-December 2011.



Details of the consolidated financial statements are available on the Group's website (www.saint-gobain.com) or on request from the Shareholder Relations Department (see contact details on the back page).

Sales by Business Sector (comments based on like-for-like figures)



Innovative Materials sales **dropped 3.1%** due to the decline in Flat Glass. High-Performance Materials remained stable.

- Sales of **Flat Glass** fell **5.6%**, reflecting the slowdown in Asia and emerging countries, the contraction in solar markets and the European automotive industry, and faltering construction activity in Western Europe. Against this backdrop, despite soaring energy and raw material costs, sales prices – especially for commodity products (float glass) – were down on first-quarter 2011.

- **High-Performance Materials** reported a slight **0.3%** advance in sales on the back of a significant increase in sales prices. Volumes remained robust in the US, powered by healthy trading on industrial markets, but slowed in Western Europe and in Asia and emerging countries owing chiefly to the contraction in the automotive market.



Construction Products sales **moved up 3.7%**. Sales growth for the Business Sector reflects upbeat price momentum across all divisions except Pipe, as well as the sharp rally in sales volumes in the US as residential construction activity began to pick up.

- **Interior Solutions** reported **moderate 3.1% organic growth**, due mainly to good sales price increases over the period (up 2.9%). Sales volumes remained virtually stable, as the recovery in the US was offset by slacker trading in Western Europe.

- **Exterior Solutions** also posted **moderate organic growth**, at 4.3%, reflecting a very mixed performance from its various activities. Exterior Products delivered double-digit growth spurred by the upturn in US housing starts, while Pipe saw a further fall in sales and exports. Trading for Industrial Mortars was powered by emerging countries.



Building Distribution saw sales **advance 1.6%** despite a very tough comparison basis (10.8% organic growth in first-quarter 2011) and adverse weather conditions in February. This advance was once again driven by Germany and Scandinavia. Trading for the Business Sector in Southern and Eastern European countries and to a lesser extent the UK remained challenging, while trading in France held firm. After a consecutive five-year decline, US Building Distribution rallied sharply, posting double-digit organic growth for the quarter. Sales prices remain upbeat across the Business Sector, in line with the Group average..



Packaging – Verallia reported **1.7% organic growth** in the quarter, fuelled chiefly by favorable trends in sales prices, which gained 2.2%. This organic growth was driven by North America (up 4.3%), while Europe remained stable, with strong sales volumes in France and Germany offsetting the decline in other European countries. Sales in Latin America slipped 1.0% on a like-for-like basis, due mainly to a tough comparison basis.

SHEERFILL®, a success story

The SHEERFILL® architectural membrane by Saint-Gobain Performance Plastics is used on the rooftops of numerous buildings worldwide. Here we look back over almost 40 years of success for this long-lasting, innovative product.

SHEERFILL® was created in the wake of the Expo '70 world fair in Osaka, Japan, where the US pavilion was covered with a revolutionary architectural membrane that filtered out the sun's rays.

Saint-Gobain (under the name Chemicals Fabrics Corporation) adopted this idea and went on to produce a Teflon®-coated fiberglass material.

In 1973, the first SHEERFILL® membrane was installed at the University of La Verne in California, where it is still in use today.



Expo Boulevard is a 1km-long axis designed to connect the entrances of the major pavilions at the 2010 Shanghai World Expo with the elevated pedestrian walkway. It took 100,000 sq.m. of SHEERFILL® architectural membrane to build the tensile structure.



Commercial success

In 1976, SHEERFILL® found its market with the completion of its first major project – the Silver Dome Stadium in Pontiac, Michigan (US). Ever since, orders have been flooding in to the Merrimack plant in New Hampshire (US), with the product receiving strong support from the design community.

Over the years, the product range has been extended to include FABRASORB®, an acoustical membrane that dampens sound, ULTRALUX®, an architectural membrane developed in the late 1990s that allows greater transmission of exterior light, and SGM™-9, an open-mesh noncombustible fabric.

In 1985, SHEERFILL® set out to conquer the Asian market with the Tokyo Dome project in Japan. The material was immediately embraced by the Japanese and Chinese markets, enabling Saint-Gobain to carve out a leading position in Asia.

A broad high-tech offering

To set itself apart from its rivals, SHEERFILL® uses new visionary technology such as EverClean®, a self-cleaning coating with anti-pollutant capacities and thermal insulation that saves energy. The material has been awarded the Energy Star®⁽¹⁾ label and is certified by the Cool Roof Rating Council⁽²⁾. It is also highly prized by the energy-hungry stadium market.

SHEERFILL® can be used on small as well as large structures, allowing architects great freedom of design. The breadth of the offering, rooted in the complementary nature of the businesses and technical expertise, as well as the synergies between the approach used for films and coated fabrics for the habitat market (currently grouped together under the single SHEERFILL® brand), are driving growth. The product is now sold across the globe.

1. Label awarded by the US Environmental Protection Agency.

2. Body providing information on roofing products to improve the energy efficiency of buildings and reduce their environmental impact.



1960

Noncombustible fabric designed by NASA



1970

Creation of SHEERFILL® architectural membrane



1976

First major projects in the US



1985

Entry on the Asian market



1990

SHEERFILL® incorporates new acoustic and self-cleaning properties



SHEERFILL® lives the American dream

The SHEERFILL® membrane has been used on prestigious buildings in the US such as the Florida Waterman Hospital in Tavares, the Strong National Museum of Play in Rochester, New York, California's Palm Springs Airport, and Rapid Central Station in Grand Rapids, Michigan. The SHEERFILL® architectural membrane also graces the retractable roof of the Dallas Cowboys stadium in Arlington, Texas ¹.

SHEERFILL® adorns the world's stadiums

In India, the Jawaharlal Nehru Stadium in New Delhi, which hosted the opening ceremony of the Commonwealth Games in 2010, was covered with a roof comprising 54,000 sq.m of SHEERFILL® architectural membrane. Similarly, the Warsaw Stadium in Poland ², built for the 2012 UEFA European soccer championship, is fitted with 75,000 sq.m. of SHEERFILL® II membrane. This is the result of a joint project between Saint-Gobain Performance Plastics teams in the US and Europe. In China, the new Xining Stadium ³ will incorporate the SHEERFILL® membrane in its roof, enabling light to filter through. The EverClean® photocatalytic topcoat will guarantee the membrane's self-cleaning, antibacterial and anti-mold properties.



3 questions for...

Marcel Dery

Sales & Marketing Manager SHEERFILL®, Saint-Gobain Performance Plastics

What are the major properties of SHEERFILL®?

What initially launched the product was its **noncombustible** quality. Fire regulations are very strict in the United States, especially in California. Consequently, SHEERFILL® had to be fire-resistant. The product's strength also lies in the **lightweight** qualities of its fiberglass, making it more economical while still withstanding high winds and heavy snow loads. Its **self-cleaning properties** are also a significant advantage, as is the possibility to create **highly innovative shapes**. Lastly, our customers also welcome the possibility to harness the sun's rays to light the interior of their structure. Even at night the roof lights up, giving people a greater

sense of security and creating a much more welcoming environment.

What is the outlook for the future?

In order to increase SHEERFILL® sales even further, we need to target high-profile international events such as the Euro 2012 and 2016 soccer championships, the FIFA World Cup to be held in Brazil in 2014 and Russia in 2018, and the Olympic Games in Rio de Janeiro in 2016. We also need to push forward in high-growth countries and regions, in particular India, Southeast Asia and the Middle East.

What is your strategy?

Our priority is to retain our leadership on the roofing market. We are also working



to ensure that SHEERFILL® and EverClean® are strong, recognized brands and are continuing to innovate in order to improve the product's functions.

LATEST NEWS

COMPLETION OF BROSSETTE AND BUILD CENTER ACQUISITIONS

On March 30, 2012, Saint-Gobain completed the acquisition of plumbing and heating specialist Brossette from Wolseley, after obtaining approval from the French competition authorities on March 23, 2012. The decision is subject to the divestment of 22 sales outlets, representing total sales of approximately €30 million. On February 8, the UK Office of Fair Trading approved the acquisition of Build Center subject to the sale of 23 sales outlets.

This brand is the fourth-largest builder's merchant in the United Kingdom.

"These two acquisitions will add sales of more than €1 billion and will strengthen our positions in the sustainable habitat market," commented Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain.

NEW WEBER PLANT

The Industrial Mortars Division opened a new Weber site in Riksten, 25 kilometers south of Stockholm (Sweden). This plant, officially opened on March 12 by Claude Imauven, President of the Construction Products Sector, has an annual capacity of 110,000

metric tons. The site's location and the cutting-edge production techniques guarantee optimum environmental performance and improve the Division's competitiveness in the Stockholm area.

Recognition

for low-energy renovation



The Saint-Gobain Initiatives Foundation supports projects put forward by employees in three areas:

- construction-related job training for young people;
- construction, refurbishment or renovation of community buildings or housing for low income or disadvantaged groups and individuals;
- energy efficiency and environmental protection in social housing.



The Saint-Gobain Initiatives Foundation and French outreach association Travail et Vie were co-recipients of the corporate sponsorship award in the “Environment/Solidarity” category.

The award was presented on February 28 at the French Ministry for Ecology, Sustainable Development, Transport and Housing in recognition of a project carried out by the Saint-Gobain Initiatives Foundation and French associations *Travail et Vie* and *Bail pour Tous*.

1 From left to right: Hilary Harbaugh, Corporate Sponsorship Strategist at the French Ministry for Ecology, Sustainable Development, Transport and Housing; Bruno Verlon, Director, Deputy General Commissioner of Sustainable Development at the French Ministry for Ecology, Sustainable Development, Transport and Housing; Jérémy Bonnet, President of Travail et Vie; and Jean-Philippe Lacharme, Deputy Director of Responsible Development at Saint-Gobain.

2 3 The housing and rehabilitation center during renovation work.

The project involved renovating a social housing and rehabilitation center for socially excluded persons in Paris. Compagnie de Saint-Gobain's Isabelle Roujou de Boubée, project sponsor, said that the project represents “a wonderful example of cooperation between the Group's employees. Harold Hugonenc, head of Saint-Gobain Isover's Constructive Solutions department, has been on board from the word go, contributing his technical expertise to define the low-energy renovation strategy. Thanks to this, we were able to build a low-energy building at a reasonable cost.” People using the facility will now enjoy healthier, more comfortable conditions, while energy costs will be kept to a minimum.



SAINT-GOBAIN AND SUSTAINABLE DEVELOPMENT

Life cycle assessment – Flat Glass leads the way

Saint-Gobain Glass and Glassolutions are the first glassmakers in the world to have performed a complete life cycle assessment (LCA) of their glazing products and mirrors.

These assessments, based on the international standards ISO 14040 and 14044, are the most scientific way to measure a product's environmental footprint. They are currently being validated by a third party verifier. The assessments provide Saint-Gobain Glass and Glassolutions with eco-innovation leads to improve current products

and develop new ones. They are available for customers wishing to perform their own LCAs. The assessments are also used as part of certain methods for measuring the environmental performance of buildings and are therefore an asset for clients looking to obtain environmental certification for their projects.

Discover the brochure presenting the LCA of high-performance double glazing and its environmental benefits at

www.saint-gobain-glass.com.

Dates for your diary

SHAREHOLDER MEETINGS

- **October 2**, Nice with Laurent Guillot, Chief Financial Officer
- **November 19**, Montpellier with Florence Triou-Teixeira, Head of Investor Relations
- **November 23**, Paris (Actionaria trade fair) with Pierre-André Chalendar, Chairman and Chief Executive Officer and Laurent Guillot, Chief Financial Officer

ANNUAL GENERAL MEETING

- 3:00 p.m. on **June 7** at the Palais des Congrès, Porte Maillot, Paris

UPCOMING RESULTS PUBLICATIONS

- Final results for first-half 2012
July 26, after close of trading on the Paris Bourse
- Sales for the first nine months of 2012
October 25, after close of trading on the Paris Bourse

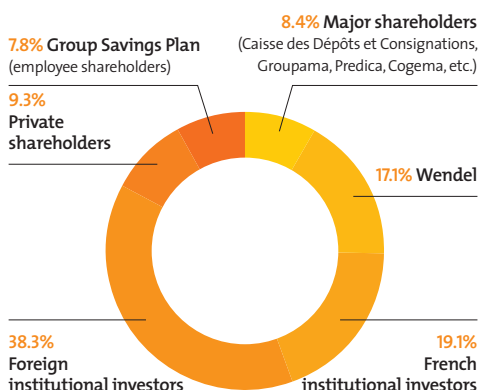
DIVIDEND

- Ex-date: June 11, 2012
- Record date: June 13, 2012
- Payment date: June 14, 2012

TOTAL NUMBER OF SHARES AT MARCH 31, 2012:

536,206,653

ESTIMATED OWNERSHIP STRUCTURE AT MARCH 31, 2012 (%)



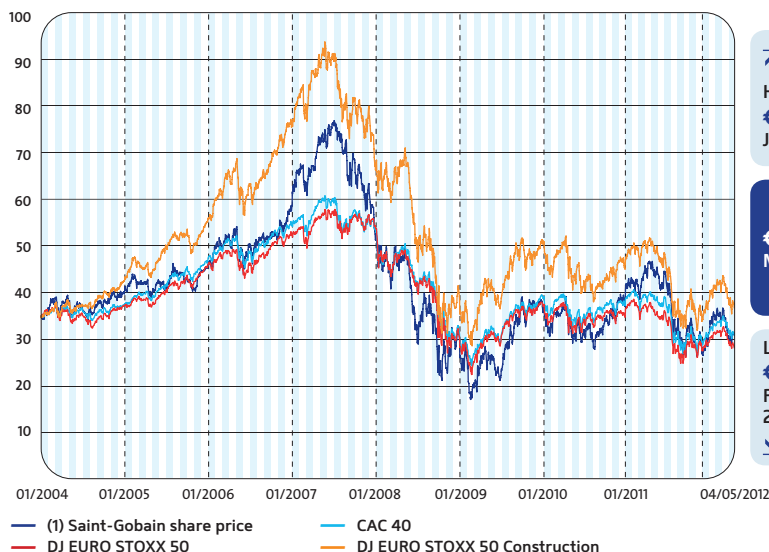
Saint-Gobain share price

SAINT-GOBAIN SHARE PRICE SHARE PERFORMANCE 2004-2012

Saint-Gobain share price* in euros, indexes at January 1, 2004

Saint-Gobain posted an increase of 3.7% in its first-quarter sales published on May 3, slightly ahead of analysts' expectations. On publication of its first-quarter earnings, the Group also confirmed its targets for 2012 as a whole. Since the beginning of the year, the Saint-Gobain share has outperformed the market, gaining 7.1%, compared to gains of 0.1% for the CAC 40 index.** The large majority of financial analysts are recommending "buy" positions and their price targets are now set at an average of €41.

Performance over the period: Saint-Gobain: -9.9% CAC 40: -11.1%



* Data adjusted for the impact of the February 2009 rights issue. ** Stock market data taken on May 4 at close of trading.

SHARE PRICES USED FOR THE 2011 ISF WEALTH TAX DECLARATION IN FRANCE

- Saint-Gobain share price at December 30, 2011: €29.665
- Average share price over the last 30 trading days of 2011: €29.150

RECENT PERFORMANCE OF THE SAINT-GOBAIN SHARE

Recent performance at May 4, 2012 (€31.785) in %	Saint-Gobain share price	CAC 40	DJ Euro Stoxx 50	DJ Euro Stoxx 50 Construction
Trailing 12 months	-31.3%	-21.8%	-23.8%	-26.9%
Trailing 6 months	-0.8%	+1.2%	-1.9%	-2.7%
Trailing 3 months	-12.7%	-7.8%	-10.6%	-11.4%
Trailing month	+1.6%	-4.6%	-6.3%	-5.2%
Since January 1, 2012	+7.1%	+0.1%	-2.9%	-0.6%

Your contacts

Saint-Gobain's Shareholder Relations department will be pleased to answer any enquiries. Please feel free to contact them:

- By dialing,

N° Vert 0 800 32 33 33

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