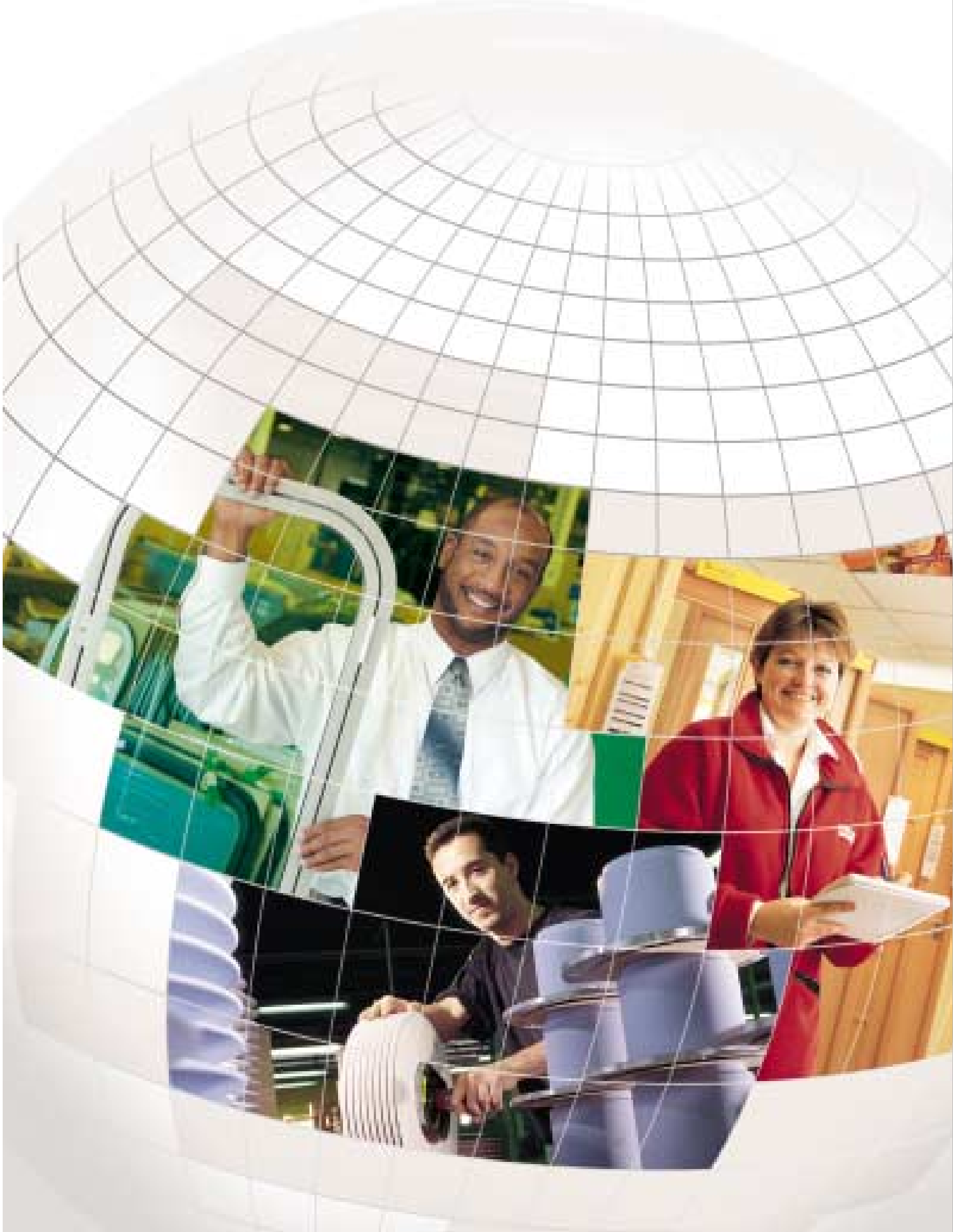
2000

Annual Report



SAINT-GOBAIN

A global leader in all of its business lines

Over the past decade, the Saint-Gobain Group has undergone a major transformation of its operations and structure. The Group now defines itself as a manufacturer of **high-technology** materials and a provider of associated services. Its mission is to produce and distribute the **materials of the future,** using its leadership positions as a springboard for **profitable growth.**

Sales	28,815 millions of euros
Net income	1,517 millions of euros
Number of employees	171,125

GLASS

FLAT GLASS:
No. 3 worldwide

INSULATION:
World leader

REINFORCEMENT:
European leader, no. 2 worldwide

CONTAINERS:
European leader, no. 2 worldwide

HIGH-PERFORMANCE MATERIALS

CERAMICS & PLASTICS:
European leader for thermal and mechanical applications

ABRASIVES:
World leader

HOUSING PRODUCTS

BUILDING MATERIALS DISTRIBUTION:
European leader for distribution of building materials

BUILDING MATERIALS:
No. 2 worldwide in wall facings and coatings

PIPE:
World leader leader in ductile cast-iron pipes

In 2000, the Saint-Gobain Group once again achieved very strong results

Sales rose 25.6%, with earnings per share up 26.6%. Net income excluding capital gains increased by 16.2%, overtaking for the first time the billion-euro mark and outpacing the 15% target set at the beginning of the year.

This performance is first and foremost the result of strong internal dynamics. A robust development model, a technological edge and sales know-how, alongside well-established brands, have all underpinned vigorous organic growth of 11% based on a comparable structure and 5.5% excluding currency translation effects.

All our businesses contributed to this growth. Within the Glass Sector, Flat Glass sales rose nearly 8% and production capacities were stretched to their limit by sustained demand from the building industry and exceptional positioning on new car models. The High-Performance Materials Sector, which posted 6.8% growth, leveraged its early presence on fast-moving industrial markets and drove forward its technological innovation in promising fields such as engineered polymer applications, ceramic filters for automotive pollution control or components for fiber optics and semiconductors. Lastly, were it not for the end-of-year slowdown in the United States, the Housing Products Sector (up 6.6%) would have recorded even better results, in line with the double-digit growth achieved by Point P and Lapeyre in France.

Emerging economies, which currently account for more than 12% of Group sales, now offer considerable development potential. Saint-Gobain's rapid 14.7% organic growth (excluding currency translation effects) in Latin America and Asia was accomplished with excellent margins. The commissioning of a new float-glass facility in India and of several profitable plants in Eastern Europe, added to progress on promising projects in China, were other examples in 2000.

Further, thanks to our in-depth knowledge of customer needs, the credibility of our referrals of products and services, and our command of logistics, Saint-Gobain's manufacturing and distribution businesses were able to draw the fullest benefits from advances in information technology.

Saint-Gobain's performance also demonstrates the effectiveness of our development strategy. The Group has actively pursued a structure-building acquisition strategy focused on its high-growth businesses. Saint-Gobain is now the European leader in specialized distribution of building materials, with € 10 billion in sales from 2,500 outlets. This network offers an unmatched base from which to extend across Europe the strategy of bolt-on acquisitions which has been underway for several years in France.

The Group also carried out several large-scale acquisitions in 2000 in our Ceramics, Plastics and Fiberglass businesses. Their vigorous underlying growth and high return on capital employed fully justify our stepped-up commitment, to draw upon the extensive potential for consolidation in these industries.

With this outlook for growth, Saint-Gobain faces the future with confidence. Our development model is self-financed, in particular thanks to the strong contribution of the Group's historic businesses: after capital expenditure, free cash flow exceeded € 1 billion for 2000. Against a backdrop of greater uncertainty in world economic trends during the second half, compounded by rising raw material prices, the Group's results demonstrated resilience, built upon the balance among the various businesses and the constant drive to improve productivity. Lastly, our development model aims for regular growth in the return on capital, through the fullest possible utilization of production capacity in the historic businesses and a priority strategic focus on high-growth markets which are less capital-intensive.

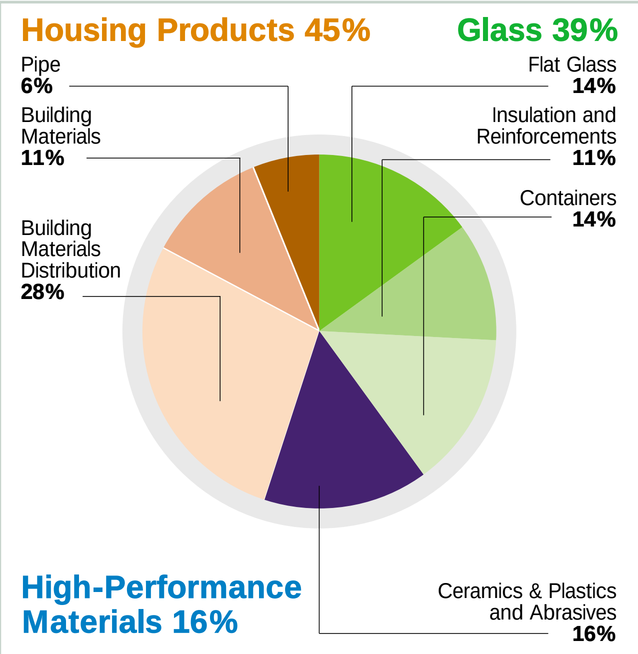
The unity of our Group's people is now reinforced by the use of the Saint-Gobain name and logo across all companies. All of our teams, by their constant commitment to the Group and its customers, help enhance Saint-Gobain's reputation for excellence in 46 countries.

In 2001, Saint-Gobain will exceed € 30 billion in sales and will continue to pursue its growth strategy. Provided there is no further deterioration of the economic environment, our target is to raise net income by 10%.

Jean-Louis BEFFA

Key figures

Sales by Sector and by Division

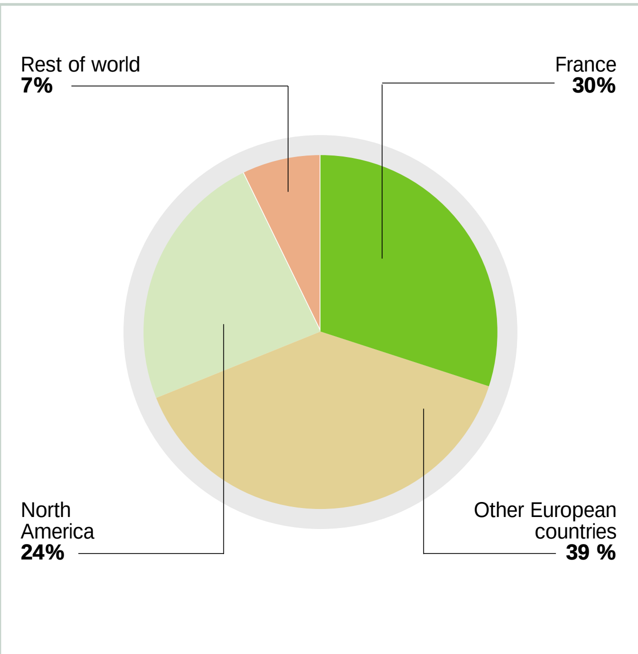


■ **The Glass Sector** again experienced vigorous sales growth, driven by sustained demand in most of its business lines and rising prices in Flat Glass and Reinforcements.

■ **The High-Performance Materials Sector** recorded only modest growth on an actual structure basis due to use of the equity method to account for Essilor in the second half. Excluding Essilor, the Sector's sales expanded considerably both in actual terms and on a comparable structure basis.

■ Sales of **the Housing Products Sector** surged, largely as a result of external growth in Building Materials Distribution, which on its own brought additional sales equivalent to 10% organic expansion.

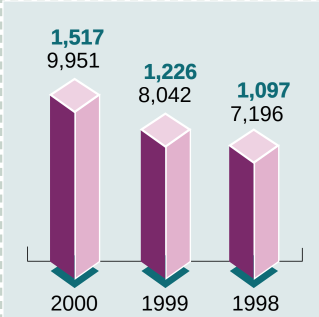
Sales by region



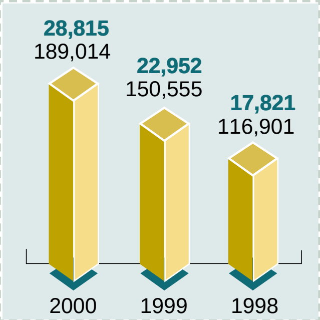
■ The Group's operations are **evenly spread worldwide.** France accounts for 30% of sales, of which 5% from exports of French facilities. Other European countries generate 39%, of which 14% and 10% for Germany and the United Kingdom respectively, following large-scale acquisitions in both countries in 2000. North America represents 24% and the rest of the world (South America and Asia) 7%.

Key figures

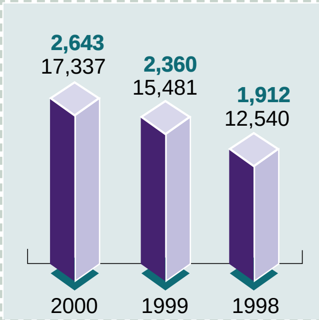
Net income
in € millions
in FF millions



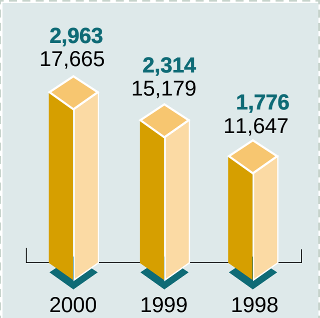
Sales
in € millions
in FF millions



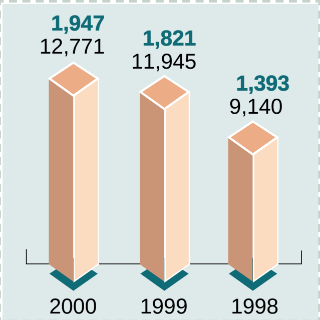
Cash flow from operations
in € millions
in FF millions



Operating income
in € millions
in FF millions



Income before tax and before profit on sales of non-current assets
in € millions
in FF millions



Report on the 2000 financial year

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Saint-Gobain today

The rich history of the Saint-Gobain Group dates back to 1665 with the founding in France of the *Manufacture Royale des Glaces de Miroirs* (Royal Mirror Glass Works). Over the past decade, the Group has undergone a major transformation of its operations and structure. In the 1970s and 1980s, following the merger between Pont-à-Mousson and Saint-Gobain, the Group was a producer of semi-manufactured goods, but in the 1990s it undertook a major strategic refocusing exercise.

The Group now defines itself as a manufacturer of high-technology materials and a provider of associated services. Its mission is to produce and distribute the materials of the future, using its leadership positions as a springboard for growth. Implementing the new policy has involved first disposing of businesses which had been acquired as part of previous diversifications and were not competitive enough, such as Contracting and Services, Mechanical Engineering or Paper-Wood, then acquiring new businesses and new areas of expertise, including Ceramics and Abrasives and Building Materials Distribution. This external growth policy led to major acquisitions, notably Norton in 1990 and the Poliet Group in 1996.

At the same time, the Group's internationalization, historically one of its strengths in Europe and Latin America, has been pursued at an accelerated pace. As a result, Group operations in North America, Central Europe and Asia have expanded considerably.

This geographical development has involved all divisions or businesses: Flat Glass in Asia and Central Europe, Insulation in Central Europe, Reinforcements in Asia and Central Europe, Containers in North and South America, Ceramics and Abrasives (all continents), Pipe (Europe, China, South Africa), Building Materials (South America). The Building Materials Distribution business, acquired as part of the Poliet Group, was initially limited to France, but expanded onto the international stage in 2000 with the acquisition of Meyer International, the market leader in Great Britain for professional distribution of building materials and for Raab Karcher, also the market leader in Germany.

Ten-year consolidated financial highlights

(in € millions, in FF millions)

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Net sales	**28,815**	**22,952**	**17, 821**	**16,324**	**13,931**	**10,719**	**11,357**	**10,906**	**11,282**	**11,444**
	189,014	150,555	116,901	107,078	91,384	70,310	74,494	71,539	74,007	75,065
Gross margin	**8,146**	**6,851**	**4,573**	**4,118**	**3,374**	**2,664**	**2,697**	**2,322**	**2,562**	**2,745**
	53,434	44,940	30,000	27,013	22,131	17,473	17,688	15,233	16,806	18,003
Operation income	**2 693**	**2,314**	**1,776**	**1,593**	**1,434**	**1,187**	**1,112**	**759**	**978**	**1,082**
	17,665	15,179	11,647	10,451	9,406	7,783	7,295	4,978	6,414	7,099
Income before tax and before profit on sales of non-current assets	**1,947**	**1,821**	**1,393**	**1,220**	**1,124**	**1,070**	**808**	**261**	**582**	**720**
	12,771	11,945	9,140	8,004	7,375	7,019	5,299	1,713	3,820	4,726
Net income before minority interests	**1,642**	**1,389**	**1,182**	**970**	**767**	**716**	**724**	**196**	**395**	**439**
	10,771	9,111	7,756	6,365	5,031	4,698	4,750	1,284	2,590	2,882
Net income	**1,517**	**1,226**	**1,097**	**858**	**659**	**642**	**553**	**200**	**362**	**382**
	9,951	8,042	7,196	5,628	4,323	4,212	3,625	1,314	2,377	2,509
Cash flow from operations	**2,643**	**2,360**	**1,912**	**1,693**	**1,628**	**1,404**	**1,237**	**971**	**1,199**	**1,250**
	17,337	15,481	12,540	11,100	10,678	9,212	8,115	6,369	7,864	8,199
Capital expenditure	**1,722**	**1,712**	**1,288**	**1,353**	**1,169**	**852**	**576**	**643**	**774**	**869**
	11,296	11,230	8,450	8,875	7,666	5,592	3,778	4,216	5,077	5,700
Total investment outlay	**4,694**	**3,479**	**3,019**	**2,447**	**3,034**	**1,448**	**997**	**1,042**	**1,003**	**1,209**
	30,791	22,821	19,800	16,050	19,903	9,501	6,540	6,834	6,576	7,930
Net equity	**11,724**	**11,151**	**9,924**	**9,959**	**9,082**	**7,017**	**6,422**	**5,417**	**5,538**	**5,196**
	76,904	73,146	65,095	65,324	59,575	46,028	42,126	35,534	36,326	34,081
Long-term debt	**6,858**	**5,005**	**3,027**	**2,576**	**1,894**	**1,398**	**1,875**	**2,643**	**2,155**	**2,513**
	44,986	32,831	19,859	16,896	12,424	9,173	12,297	17,338	14,134	16,484
Fixed assets	**19,530**	**16,909**	**14,033**	**13,139**	**12,103**	**8,463**	**7,661**	**8,245**	**8,262**	**8,281**
	128,108	110,916	92,048	86,184	79,392	55,512	50,252	54,083	54,192	54,320
Working capital	**3,222**	**2,612**	**1,838**	**2,262**	**1,757**	**2,499**	**2,990**	**2,103**	**1,339**	**1,462**
	21,135	17,134	12,055	14,835	11,524	16,392	19,613	13,797	8,783	9,591
Employees *(as of Dec. 31)*	171,125	164,698	117,287	107,968	111,701	89,852	80,909	92,348	100,373	104,653

Data concerning 1999 and 2000 presented in the rest of this document are stated in euros, while those relating to earlier periods were initially stated in francs and have been translated into euros based on the official rate.

After an initial phase involving disposals, Saint-Gobain's transformation took place both in the direction of downstream activities and services and in new high-growth businesses. The key development avenues of Ceramics and Composites or Building Materials Distribution offer synergies in terms of both technology and market coverage with the Group's "historic" businesses. The latter were in fact the backbone for the entire process, as they brought three key strengths: global leadership positions, high-tech expertise and the regular generation of free cash flow.

Saint-Gobain's businesses

As a result of the growth and redeployment of operations, three core Sectors have gradually emerged, each of which includes several operating divisions. Saint-Gobain is a global or European leader in all three sectors. Each of them includes high-growth businesses, which accounted for 50% of the Group's proforma sales for the year 2000.

The Glass Sector includes Flat Glass, Insulation and Reinforcements, Containers. Each of the businesses within the Sector is a European or world leader in its field, and their aggregate strength makes Saint-Gobain the number one glass manufacturer worldwide. The Sector draws upon a powerful presence in Europe, North America and Latin America, as well as new positions in Asia. The end-user markets for the Sector's products are construction and renovation, the automobile industry, industrial machinery and household appliance manufacturers, as well as packaging. It is developing into new segments where Saint-Gobain's specific technology allows it to design innovative products with high added value, and pursuing growth opportunities in emerging countries.

The High-Performance Materials Sector includes High-Performance Ceramics and Plastics, as well as Abrasives. The Sector is the world leader in Abrasives and in thermal and mechanical applications of Industrial Ceramics. Thanks to the acquisition of Furon in 1999, the sector has also gained the no.1 position in High-Performance Plastics. The Sector's operations are evenly spread between Europe, America and Asia. They are highly innovation-oriented, often in niche markets, and enjoy strong development momentum.

The Housing Products Sector includes Building Materials, Building Materials Distribution and Pipe. The Pipe Division is the number one supplier worldwide of ductile cast iron pipes. The Building Materials Division is ranked second in the world for roofing products and indoor and outdoor wall facings, and is the European leader for industrial mortars. The Building Materials Distribution Division is number one in Europe for building materials distribution since the acquisition of Meyer International in the U.K. and Raab Karcher in Germany. With manufacturing operations in Europe, Latin America and South Africa and significant sales volumes in distant export markets, the Pipe Division also has considerable international reach. In response to new market trends, it has embarked since 1998 on a strategy of more extensive distribution of its products through specialized networks.

Saint-Gobain's configuration has therefore been optimized to allow the implementation of a worldwide strategy for all businesses. Its development towards downstream activities, the most recent chapter in its refocusing, has brought the dual benefit of reduced exposure to cyclical downturns and closer knowledge of buying trends among end-user consumers.

Strategy: focusing on rapid growth

Leveraging its balanced mix of activities revolving around consistent centers of expertise, the Group has in recent years implemented a strategy based on four objectives: developing genuine leadership in all of its businesses, bolstering its technological and sales capabilities, sharply reducing its exposure to cyclical changes and fluctuations, and guaranteeing a high level of profitability in all of its operations.

Thanks to the solid backing from stable historic operations which generate substantial free cash flow, Saint-Gobain has been able to pursue its transformation with a focus on high-growth areas. Fiscal 2000 has represented the sixth consecutive year of expansion for the Group.

The shared strengths of these rapidly-developing businesses are, first, sustained and vigorous organic growth, at rates of 6 or 7% over several years, for instance for Building Materials Distribution, High-Performance Plastics or Fiberglass Composites. With appropriate targeting, these areas can offer a better return on capital employed, through less capital-intensive operations. As the markets involved are still fairly fragmented, this strategy also offers many opportunities for business integration, through acquisitions of small or medium-sized companies. Building Materials Distribution, for example, is growing through successive bolt-on acquisitions, as is the Plastics and Composites Division.

Although the Group may still pursue some limited external growth operations in its core historic businesses, its priority is now clearly set on these fast-growing segments. Since 1996, more than 75% of investment capital devoted to acquisitions has been channeled into these priority sectors, and in 2000 the proportion was over 90%.

The main transactions have concerned Plastics, Advanced Ceramics, the processing business in Reinforcements, and Distribution. The performance of these high-growth businesses for the financial year was in line with the objectives the Group had set, namely organic growth of nearly 10%, generating an average ROI of more than 20%. In proforma sales for 2000, with recent acquisitions accounted for on a full-year basis, the share of high-growth businesses represented 50% of the total.

This growth drive is based on a development model involving dynamic expansion around specific goals: increasing profitability, more regular performance, funding of the development process through cash.

These criteria governed Group strategy in 2000 and will continue to do so in years to come. Investments will focus on less capital-intensive areas, with a greater turnover of invested capital as a result of the now established trend of decreasing expenditure in the Group's "historic" businesses, added to external growth transactions which have an accretive impact on income, such as those of Furon or Chemfab in Plastics, and Meyer and Raab Karcher in Distribution. With the stabilizing of its performance thanks to these new areas of operations, Saint-Gobain is now significantly less exposed to cyclical fluctuation. The development of Distribution operations, a service business which extends further downstream the Group's value chain, will contribute € 10 billion to the Group's sales in 2001. Similarly, the increased involvement of Flat Glass and Reinforcements in downstream operations will lead to a doubling of both divisions' contributions to sales of the Glass Sector compared to 1999. The development of Advanced Ceramics and Plastics is also mainly geared towards high-growth technology markets. The stabilizing effect of the home renovation segment has already been demonstrated, and this market now accounts for a full 25% of the Group's final markets, on a par with new construction.

The major external growth operations undertaken in 2000 led the Group to reconsider the strategic value of its stake in Essilor, which was sold in November 2000.

Saint-Gobain's position in 2001 and the years to come will be characterized by two key strengths, born of the strategies it has implemented in recent years: a balanced geographical presence across all main economic zones and customer markets for the principal sectors, and growing free cash flow, which in 2000 reached the record level of nearly € 1 billion. The Group's development model, tested over five years of double-digit growth, leverages both the capacity of the historic businesses to generate cash and the potential for organic expansion in the higher-growth businesses. It is in line with a constantly-affirmed strategy: promoting profitable, vigorous and regular growth.

Review by Sector and by Division

(In € millions/In FF millions)	2000		1999		1998	
By Sector						
Flat Glass	**4,167**	27,334	**3,718**	24,388	**2,270**	14,891
Insulation and Reinforcements	**3,254**	21,345	**2,864**	18,787	**2,488**	16,318
Containers	**3,906**	25,622	**3,640**	23,877	**3,416**	22,407
(Internal sales)	***(10)***	*(66)*	***(5)***	*(33)*	***(3)***	*(21)*
Glass	**11,317**	74,235	**10,217**	67,019	**8,171**	53,595
Ceramics & Plastics and Abrasives	**4,095**	**26,862**	**3,066**	20,112	**2,762**	18,119
Essilor	**978**	6,415	**1,662**	10,902	**–**	–
(Internal sales)	**–**	–	***(2)***	*(13)*	**–**	–
High-Performance Materials	**5,073**	**33,277**	**4,726**	31,001	**2,762**	18,119
Building Materials	**3,067**	20,118	**2,625**	17,219	**2,233**	14,648
Building materials Distribution	**7,929**	52,011	**4,078**	26,750	**3,325**	21,810
Pipe	**1,778**	11,663	**1,605**	10,528	**1,573**	10,316
(Internal sales)	***(178)***	*(1,168)*	***(151)***	*(991)*	***(130)***	*(851)*
Housing Products	**12,596**	**82,624**	**8,157**	53,506	**7,001**	45,923
(Internal sales)	***(171)***	*(1,122)*	***(148)***	*(971)*	***(113)***	*(736)*
Total	**28,815**	189,014	**22,952**	150,555	**17,821**	116,901

Glass Sector

The Glass Sector includes some of the Group's long-standing capabilities, such as Flat Glass, Insulation and Reinforcements, and Containers.

Each of these divisions, which together account for 39% of Group sales, has a strong leadership position, either in Europe or worldwide.

The Sector serves broad end-user markets, such as construction and renovation, the automobile industry, industrial machinery and household appliance manufacturers, as well as packaging.

Although capital-intensive, these businesses also generate substantial free cash flow. Their share of Group capital expenditure, which had remained large over recent years, is set to diminish in coming years, following the completion of major programs in Flat Glass and Reinforcements in emerging countries. The Sector's growth opportunities lie with new products and emerging economies, by drawing upon the Group's specific technology.

Glass	Businesses and products	Key uses	Key competitors	Competitive position
Flat Glass	■ Basic flat glass product ■ Processing and distribution ■ Building industry	■ Clear and colored glass, layered glass ■ Construction, building industry, interior design, furniture industry	■ Pilkington (United Kingdom) ■ Guardian (United States) ■ Asahi (Japan) ■ PPG (United States)	■ Leading worldwide glass producer for the Sector as a whole
	■ Automobile glass	■ Clear and safety products for the automobile industry, glass for replacement parts		■ European leader and among the three global leaders for the building and automobile industries
	■ Specialty glass	■ Fireproof glass, nuclear safety, aeronautics and transportation industry, industrial optics, glass for home appliances, industrial refrigeration	■ Schott (Germany)	
Insulation and Reinforcements	■ Glass wool ■ Rock wool ■ Soundproof ceilings ■ Insulating foam	■Thermal and acoustic insulation of buildings, technical facilities (glass and rock wool, foams) ■ Hydroponic cultivation (rock wool)	■ Owens Corning (United States) ■ Johns-Manville (United States) ■ Rockwool (Denmark) ■ Pfleiderer (Germany)	■ Insulation: world leader
	■ Glass threads	■ Automobile, transportation, construction, industrial and consumer machines, electrical and electronics industries	■ Owens Corning (United States) ■ PPG (United States) ■ Johns-Manville (United States) ■ Nippon Electric Glass (Japan)	■ Reinforcements: European leader and no. 2 worldwide
	■ Processing (glass grids and reinforcing cloth)	■ Building industry, industrial materials, technical composites	■ Nitto-Boseki (Japan)	
Containers	■ Bottles and jars	■ Food packaging (food products, wine, beer, soft drinks, oils, sauces)	■ Owens Illinois (United States) ■ Vitro (Mexico) ■ Consumers (United States/Canada) ■ PLM (Sweden) ■ BSN Glass Pack (France / Germany)	■ Joint world leadership ■ European leader for all businesses combined
	■ Flasks	■ Markets for fragrances, pharmaceuticals and medicals products	■ Pochet (France) ■ Bormioli (Italy) ■ Gerresheim (germany) ■ Wheaton (United States)	■ World leader
	■ Plastic pumps	■ Cleaning products ■ Packaging for hygiene and cosmetics products	■ OI (United States) ■ Indesco (United States)	■ Among the foremost global players

Flat Glass

The Flat Glass Division has manufacturing and sales operations in 33 countries. It has 29 float-glass facilities, of which 11 are jointly-owned, and draws upon a vast processing and service network. The Division serves two major markets, the Building and Automobile industries, and is organized around four main activities: basic products, processing and distribution for the building industry, parts manufacturing for the automobile industry, and specialty glass (which includes products for home appliances, fireproof glass, nuclear safety glass and glass for electronics). Two-thirds of the glass produced in the Division's plants is sold in transformation markets.

The manufacturing of glass, whether as a basic commodity or as a semi-finished product, takes place in large industrial units known as float-glass lines, which produce different types of flat glass, ranging from basic varieties to glass with high added value involving specific coatings or the addition of metallic oxides, for example for thermal insulation or sun control.

The Division is also a manufacturer of automobile parts. It delivers to its customers, the major European and global car manufacturers, front and back windshields, side windows, glass sunroofs and other ready-to-assemble modules. Whether laminated, coated or colored, the different types of flat glass are complex high-technology products. The pace of change is extremely rapid in this field, to keep up with customer's increasing expectations of safety through better visibility and of thermal and acoustic comfort. The Division also produces flat glass for the Aeronautics and Transportation industries.

In addition to these two businesses, the Division's work includes processing for the Building industry. These operations are handled by processing and distribution companies or take the form of sales to independent customers. The range of applications covered by these activities is vast, from wall facings to major construction projects, urban facilities, industrial carpentry, furniture, bathroom fixtures, or glass for interior decoration. All of these applications have led to major innovations, such as low-emission, electrochrome or electrically-controlled glass, as well as shatterproof glass.

Lastly, the Division includes under the heading of Specialty Glass a number of companies offering specific capabilities in markets such as home appliances (Euroglass, Eurokera), fireproof glass (Saint-Gobain Vetrotech International), industrial optics, nuclear safety glass and industrial refrigeration.

In addition to Eurokera's vitroceramic hobs which are an undeniable success, the Division has recently set up Saint-Gobain Display Glass to spearhead the manufacturing of flat glass products for electronic displays, such as plasma-type or microdot screens.

The new *Gostiny Dvor* mall in Moscow, built with 4,000 sq. m. of Eglass flat glass and Ecophon soundproof inside paneling.

To meet the needs of its various markets, the Division has adopted a customer-focused organization, with:

- Saint-Gobain Glass for basic products,
- Saint-Gobain Sekurit International for the automotive and transportation markets,
- Vitrages de Saint-Gobain for processing and distribution of flat glass for the building industry,
- Specialty Glass.

For the past several years, the Division has been pursuing a vigorous policy of international expansion. Adding to its long-standing operations in Western Europe, it set up operations in Poland, Mexico and South Korea. In 2000, two new float-glass facilities came on stream, one in the United Kingdom and the other in India. It also follows car manufacturers' geographical developments into Eastern Europe and Asia, in addition to the specialized facilities it commissioned in the United States to meet demand from the home appliances, industrial refrigeration and electronics industries.

Insulation and Reinforcements

The operations of the Insulation Division, born of the development of glass technology but specialized in insulation materials since 1936, include glass wool (TEL process), rock wool, as well as two businesses which, although smaller in size, show promising growth rates: soundproof ceilings and foams.

Insulating products are marketed as rolls, panels or molded insulation. They are mainly designed for the new construction and renovation markets, for fitting on roofs, walls and flooring, to reduce heating costs or noise. Sales of foams, which are strongly complementary with glass wool, are trading operations conducted in partnership with major chemical companies.

In addition to these uses in the building industry, a portion of sales comes from technical insulation for some of the most complex industrial facilities or niche markets such as soil-less (hydroponic) cultivation.

Monospace Contact, a very high performance thermal and acoustic insulating material.

In Europe, one house out of three is insulated with Isover products, and the proportion in the United States is of one in every five. The Division is established on all continents, either as a direct producer or via its licensees, and is a world leader in glass wool.

The Division's strategy is based on bolstering this position and completing its turnaround in rock wool. In the other businesses, its aim is to boost its growth rate, based on a minimum target of 5% per year.

The Reinforcements Division has manufacturing operations in 18 countries. It has been gradually organized into business units around two core activities: threads, with world-wide or continent-wide business units according to the nature of the markets concerned, and textile processing. The latter is expanding sharply and accounts for almost 20% of the Division's consolidated sales.

The threads business, which includes under the Saint-Gobain Vetrotex banner six specialized business units (Textile, CemFil, Plastics North America, Plastics South America, Plastics Europe, Plastics Asia) delivers to transformers, in various forms (masts, reels, cut threads, cloths, etc.), the various glass fibers used to produce many types of equipment. These composites are made from thermo-setted resins or plastics. The key markets served are the automobile and transportation industries for vehicle bodywork, interior or motor parts, as well as the building industry, leisure equipment (sports goods, boats etc.) and the electrical and electronic industries, in which glass reinforcements are the basis for printed circuits.

In addition to these areas a global Glassfiber Mats business unit was set up in 2000, through the bringing together of various operations, some of which came from the Insulation Division.

Beginning in 1999, textile-processing operations were gathered into a dedicated Technical Fabrics business unit. It produces glass grids and cloths for three types of markets: the building industry, industrial materials and technical composites. This is a fast-growing activity, with an average annual expansion rate, acquisitions included, of 20% since 1996, and it represents a second core focus for the Division, bringing together Bayex in Canada, Vertex in the Czech Republic, LMC in Italy and Tevesa/Icasa in Spain. In 2000, two newly-acquired companies, BTI and Syncoglass, also joined this business unit.

Across these two business lines, the Reinforcements Division currently obtains 54% of its sales in Europe, 41% in the Americas and 5% in Asia.

Containers

One of two world leaders for all of its glass container operations, the Division includes three different operations: manufacturing and sale of bottles and jars for the food industry, of flasks for the perfume and pharmaceuticals industries and, lastly, plastics operations with the Calmar Group, acquired in 1998, which manufactures high-performance plastic pumps designed for the packaging of health and beauty products as well as detergents.

The Division is constantly adapting to the steep competition it faces on diverse and increasingly global markets, including from rival forms of packaging. It also has to take into account the specific consumption habits of certain national markets, for example the importance of beer in the United States and of wine in Southern Europe. To adapt to an environment in which pricing pressures are rife, it has had to conduct sustained, in-depth efforts to boost productivity and reduce costs. The Division has built strong international positions over time. It is the European leader for bottles and jars, leveraging its facilities in France, Germany, Italy, Spain, and also number 2 in the United States through Saint-Gobain Containers (formerly Ball-Foster Glass), which arose from the merger in 1995 of several national producers. The Division is also well established in South America, in Argentina and Brazil specifically; in the latter it is the second-largest glass producer and includes tableware among its offerings.

The Flasks business line serves the perfume and pharmaceutical markets, which are also global in scope. The Division is a world leader in the field of flasks for the perfume industry.

Plastic pumps operations are run by Saint-Gobain Calmar in eight countries.

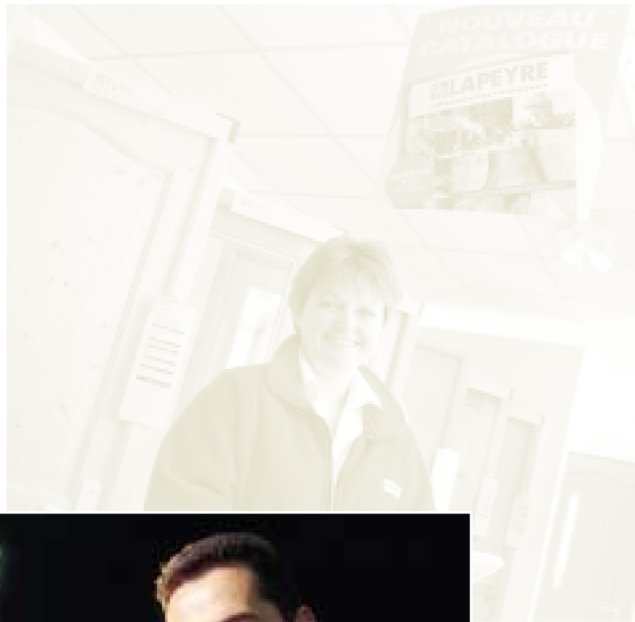
Paco Rabanne's *Ultra-Violet* flask, produced by Saint-Gobain Desjonquères and fitted with a Saint-Gobain Calmar pump.

High-Performance Materials Sector

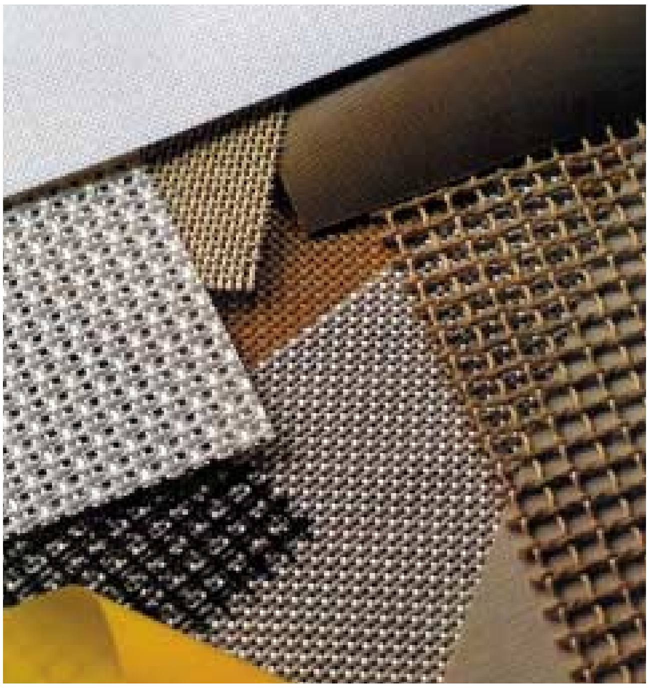
The High-Performance Materials Sector is composed of Engineered Ceramics, High-Performance Plastics and Abrasives acquired in 1990 as part of the Norton group and combined with Saint-Gobain's existing Ceramics and Refractories operations. Up to November 2000, the Sector also included Essilor International.

Despite the diversity of end uses for their products, several of the Sector's businesses enjoy strong growth momentum, particularly High-Performance Plastics. There is also regular and sustained expansion in niche markets and specialized product ranges with high added value.

All are faced with strong and broad-ranging competitive pressures in their respective segments, which they overcome thanks to a balanced international presence, spread between North America, Europe, Latin America and Asia. As these operations are somewhat less capital-intensive than those of the other Sectors, they offer potentially high returns on capital employed.



High-Performance Materials	Businesses and products	Key uses	Key competitors	Competitive position
Ceramics & Plastics	■ Ceramics ■ Industrial ceramics	■ Refractories for glassmaking, ceramics and metallurgy ovens ■ Ceramic pellets and powders for industrial abrasives, refractories or ceramics	■ Cookson (United Kingdom) ■ Morgan Crucible (United Kingdom) ■ Foseco (United Kingdom) ■ General Electric (United States) ■ Exolon/ESK (United States) ■ RHI (Austria)	■ World leader for thermal and mechanical applications
	■ Specialty ceramics (including crystals)	■ Semiconductors manufacturing equipment ■ Medical equipment, home appliances and industrial applications ■ Medical and nuclear industries, oil and petrochemicals ■ Products for the petrochemicals industry	■ Kyocera (Japan) ■ Toshiba Ceramics (Japan) ■ Asahi (Japan) ■ Coorstek (United States ■ Ceramtech (Germany)	■ No. 2 worldwide for specialty ceramics
	■ Engineered plastics ■ High-performance plastics	■ Fluids ■ Precision products ■ Medical applications ■ Technical components ■ Films and coverings ■ Specialty foams	■ Parker Hannifin (United States) ■ Fluoroware (United States) ■ TI Group (United Kingdom) ■ DuPont (United States) ■ 3M (United States)	■ No.1 or no. 2 worldwide in all of the High-Performance Plastics business lines
Abrasives	■ Bonded abrasives (grinding wheels)	■ Finishing, trimming, sharpening of materials and tools ■ Aerospace, automobile, metals processing, steel, electronics	■ Noritake (Japan) ■ Tyrolit (Autria) ■ Cincinnati (United States)	■ World leader for all business lines
	■ Coated abrasives	■ Surface treatments, sanding: aerospace, automobile, furniture, portable machines, steel, jewelry, watchmaking, biomedical sector	■ 3M (United States) ■ SIA (Switzerland) ■ Hermes (Germany)	
	■ Superabrasives	■ Precision work (aerospace, automobile, ball bearings) ■ Construction and composite materials ■ Electronics ■ Glass products ■ Cutting tools	■ Asahi (Japan) ■ Diamant Boart (Belgium)	



Fiberglass fabrics coated with fluoropolymers.

Ceramics and Plastics

The Division, organized around the two product families of Engineered Ceramics and High-Performance Plastics, is fairly recent as far is its current makeup is concerned. It has been set up around Saint-Gobain's traditional Ceramics and Refractories businesses and the operations of Norton, acquired in 1990, and Furon, which joined the Group in 1999. Through both organic growth and acquisitions, it has increased its sales by an annual average of 15% over a ten-year period at the same time as it implemented a major transformation of its operations portfolio.

As a result of these changes, the Division's operations now break down into three evenly-balanced segments: Industrial Ceramics account for 37% of sales, Specialty Ceramics for 28% and High-Performance Plastics for 35%. These three business lines ensure the Division's global presence, as 34% of its sales are generated in Europe, 58% in North America, 3% in South America and 5% in the Asia-Pacific area.

The Division's three business lines have markedly complementary strengths. Their annual growth rates are solid and regular, with High-Performance Plastics leading the way, in addition to being the least capital-intensive of the three. Industrial Ceramics tends to grow more slowly but to be a strong contributor of cash flow. The other two business lines tend to require greater capital expenditure to meet demand, but also show more promising development potential.

Industrial Ceramics operations concern the manufacturing of materials and parts which draw upon the thermal and mechanical properties of traditional ceramics (resistance to very high temperatures, to abrasion and to corrosion) within three technology families: fused-cast ceramics (glassmaking ovens, ceramic pellets), high-performance refractories (ceramics ovens, metallurgy/foundries, power plants) and ceramic pellets and powders (abrasives, refractories, ceramics). The Division is the industry leader for all three market segments, in a playing field made up of numerous but highly specialized competitors.

Specialty Ceramics produces parts and systems for technical applications in which size, purity or stability requirements are very strict, for uses in extreme environments. Its output spans a very broad range of ceramics and crystals, classified into four product families: technical, structural and fine ceramics for medical uses, home appliances and industry; ceramics and equipment for semiconductor manufacturing; crystals and detectors for medical, nuclear, oil and petrochemical applications; and NorPro products for catalyst carrying and mass transfer in the petrochemicals industry. The business line's development in the field of equipment and services for the semiconductor industry was confirmed in 2000 with the acquisitions of Holz Precision and Magic in the United States. The Division faces competition from several major players and is the second manufacturer of specialty ceramics worldwide.

The High-Performance Plastics business line processes engineered polymers and elastomers, particularly fluoropolymers, silicons and thermo-setted plastics, that meet stringent requirements of purity, precision forming and resistance to corrosion or high temperatures. Its markets enjoy strong growth momentum with little cyclical fluctuation, as well as satisfactory profitability, benefiting from a long-term trend towards replacement of traditional materials with engineered plastics. Its highly diverse operations portfolio breaks down into five core product families: Technical Components includes component parts for the aeronautics industry, electronic equipment and instruments; Advanced Films and Cloths covers films, adhesive tapes and special cloths for aeronautic, electrical, architectural applications as well as protective uses; Fluids Systems includes pipes, connectors and tubes for manufacturing and the automotive and food industries; Precision Products provides self-lubricating and low-friction bearings and rings for cars, home appliances, machine tools, aeronautics; Specialty Elastomers offers flexible foams for sealing and vibration-proof foams for cars, manufacturing and the building industry. These markets are currently consolidating, therefore they offer an opportunity for Saint-Gobain to become the supplier of choice for the automobile industry and other manufacturing sectors. With this aim in mind, the Division strengthened its hand in 1999 with the acquisition of Furon, then in 2000 with Chemfab in the field of technical polymers and Norwood, both with strong potential for synergies.

Abrasives

The worldwide leadership in Abrasives obtained with Norton's entry into the Group in 1990 has been reinforced since then, with the acquisition of major companies such as Winter, Unicorn, Flexovit in Europe and, more recently, Korund in Poland.

Practically all manufacturing processes require the use of abrasives and the Division is in an unrivalled position to offer advanced abrasion solutions to its business or individual customers, whenever materials need to be cut, polished, sharpened, straightened or finished.

The Division is the only manufacturer at the worldwide level producing the three major types of abrasives: bonded abrasives (which include precision grinding wheels and thin grinding wheels), coated abrasives (commonly known as sandpaper), and superabrasives, in which the abrasive grain is an extremely hard substance. The Division markets over 250,000 products of varying natures and sizes, most of them designed for specific applications.

- Bonded abrasives are composed of natural or synthetic abrasive grains held together in rigid form, generally a grinding wheel, with a bonding agent. Their size can vary from small wheels on rods for jewelry up to 12-tonne wheels for wood de-pulping in the paper industry. Thin grinding wheels represent a specific segment within bonded abrasives, the one in which manufacturing operations are most heavily automated.

Cutting of a stainless-steel vat using a thin grinding wheel.

- Coated abrasives are formed from natural or synthetic grains glued onto a paper, cloth, fiber or synthetic base, then fashioned into strips, discs, rolls and sheets, the size of which can vary from that of a coin to very wide strips for one-step sanding of floors or wood panels. Coated abrasives are sold to industrial customers, major hardware stores and auto repair stores.

- Superabrasives are grinding wheels or tools made from diamond or boron nitride, for use in machining materials that are either too hard or too fragile for standard abrasives. They are used in a broad spectrum of industries, from electronics to the building industry.

The Division serves a global customer base with facilities on all five continents, in twenty-six countries, and employs about 15,700 people worldwide. Within its very diverse markets, sales channels are tailored to the two broad customer categories: on the one hand, one-time or individual customers, with a distribution and marketing approach; on the other, industrial customers, with customized solutions.

Housing Products Sector

The Housing Products Sector was largely born out of the acquisition of the Poliet group in 1996. It includes the manufacturing operations of the Building Materials Division, which has spearheaded the businesses of Poliet and Saint-Gobain since 1997. This Division proposes a broad range of solutions answering the needs of builders for both individual housing and industrial facilities. The Building Materials Distribution Division comprises the various building materials distribution operations in France and other European countries. Finally, the Pipe Division, historically one of the Group's core businesses, is a specialized provider of equipment for the water-supply industry with strong market positions in France and, more recently, in other European countries. The Housing Products Sector's markets range from household equipment to construction and renovation and to civil engineering.

The different businesses within the Sector share several common features, centered on the Group's commitment to expanding its role in product distribution. This policy, benefiting all Saint-Gobain businesses, focuses on the importance of marketing, services and logistics. Positioned in regional markets, the Housing Products Sector enjoys a higher growth rate than the Group average and experiences little cyclical fluctuation, thanks to its moderate capital expenditure requirements and the weight of the Renovation segment. There are extensive opportunities for both organic and external growth and all three divisions also show considerable potential for development outside France.

Housing Products	Businesses and products	Key uses	Key competitors	Competitive position
Building Materials Distribution	■ Distribution of building materials for new construction and renovation ■ Industrial carpentry	■ Market for individual and collective housing ■ Home equipment: kitchens, carpentry, bathrooms, heating	■ Home Depot (United States) ■ Lowe's (United States) ■ Wolseley (United Kingdom) ■ Kingfisher/Castorama (United Kingdom/France) ■ Pinault-Becob (France)	■ European leader in building materials distribution and industrial carpentry
Building Materials	■ PVC indoor and outdoor sidings (United States) ■ Roofing products (United States) ■ Concrete products ■ Composite materials, mortars ■ Terracotta tiles and bricks	■ New construction and renovation of individual houses ■ Wall coatings, glues and joints for tiling ■ Road-building and utilities ■ Civil engineering ■ Urban furniture ■ Materials for gardens and landscaping	■ Lafarge (France) ■ Owens Corning (United States) ■ James Hardie (Australia) ■ Etex (formely Eternit) (Belgium) ■ Wienerberger (Austria) ■ Royal (Canada)	■ European leader for industrial mortars ■ Among the world leaders for wall facings and coatings ■ No. 2 worldwide for roofing products
Pipe	■ Cast-iron pipes, connectors and accessories ■ Hydraulic valves and fountains ■ Road-building supplies ■ Pipes and connectors for wastewater and rainwater in the building industry ■ Specialized distribution	■ Drinking water supply ■ Irrigation ■ Wastewater networks ■ Road-building and civil engineering	■ US Pipe (United States) ■ Mac Wane (United States) ■ Kubota (Japan) ■ Buderus (Germany) ■ Norinco (France) ■ Tyco (United States)	■ World leader in the field of ductile cast-iron pipes

Building Materials Distribution

Saint-Gobain's Building Materials Distribution Division was formed following the acquisition of the Poliet group in 1996. The latter had developed its operations in this field over the course of twenty years, through both organic growth and acquisitions. The Division now covers the full range of the building industry's needs as a distributor of materials for both new construction and renovation. The Group's Building Materials Distribution operations were for many years exclusively French, but it has developed international operations over the past several years, particularly in Poland in 1999. The key highlights of 2000 were the acquisitions of Meyer International plc, the market leader in the United Kingdom for distribution of building materials to industry professionals, and of Raab Karcher in Germany, also a nationwide leader. These two transactions raised the Division to a new dimension, making it a European leader.

In France, the target markets of Saint-Gobain Building Materials Distribution range from the general public to freelance professionals and businesses, to major construction projects. It relies upon industrial carpentry production facilities and plays a key role of intermediation via three major banners: Point P for distribution of building materials in France, with a decentralized organization structure across 14 regions and 1,100 sales outlets; the Lapeyre network, which produces, distributes and installs a range of products unrivalled in Europe, in industrial carpentry, kitchens and bathrooms; La Plateforme du Bâtiment, a new distribution concept exclusively for building industry professionals, with complete product offerings in stock and available on the same site. At the end of 2000 there were eight La Plateforme sites in France, and new stores are planned in several countries.This interweaving of multiple banners is one of the Division's major strengths, in a French building materials market that remains highly fragmented, due to the very large number of end customers, mainly small and medium-sized businesses. In the renovation sector, 260,000 companies have fewer than 50 employees. The main distributors are therefore far from covering the full range of the market's customer segments. Behind Point P which has carried out a sustained external growth policy are competitors such as Pinault-Becob, Gedimat, Bigmat, etc.

The Division has begun to expand into other European countries, with the opening of a La Plateforme store in Poland at the end of 2000 and two key acquisitions: Meyer in the United Kingdom, with its Jewson banner stores, and Raab Karcher in Germany. Both are market leaders in their respective countries. These two integrations not only raised the Division to clear Europe-wide leadership, they also doubled its sales base, adding to organic growth.

Raab Karcher, leading German distributor of building materials, acquired in April 2000.

The Division now has a network of 2,500 sales outlets in Europe and has set up the Buid2Group organization to coordinate the e-commerce strategy of all of its banners, promoting synergies and cross-fertilization among the various projects.

Build2Group is also designing Build2Pro, a European portal for building-sector professionals, which will provide a wealth of information and services, directing visitors towards the offerings of the Division and those of its partners Sonepar and SygmaKalon. A first pilot is scheduled to be launched in France in June 2001, after which the concept will be deployed in the rest of Europe.

Building Materials

The Building Materials Division arose from the pooling of Saint-Gobain and Poliet businesses in this field in 1997. It has become one of the key market players and holds leadership positions in the various segments, either worldwide, in Europe, or in the United States.

The Division brings complete offerings for the outside of the home, in both construction and renovation markets: vinyl products for wall facings and sidings on individual homes in the United States; roofing materials and ventilation systems for these homes; concrete products; mortars for wall facings and glues for tiles; terracotta tiles, bricks and other roofing and siding products.

The Division's global presence does not preclude a strong local dimension in products and solutions that reflect regional custom while serving the traditional needs of the building industry. Each region's houses have specific architectural features – wall facings and coatings vary from one European country to another, the nature of roof tiles changes from one region to another, etc. More than half of the Division's sales are generated in the Americas, yet its vast product offerings are available in over twenty countries

Terreal®, is the new brand bringing together all the offerings of the Division's tiles and bricks business.

CertainTeed spearheads U.S. operations, which include on the one hand PVC products for wall facings and outdoor design of the home (sidings, windows, gutters, railings) and on the other roofing and ventilation products (asphalt-covered shingles, equipment for artificial ventilation of attics).

Mortars produced by Saint-Gobain Weber represent a global business and this company is not only the world leader in tiling glues and joints, but also European leader for wall facings and no. 1 in Europe and Brazil for industrial mortars.

Terracotta tiles and bricks for roofing and wall decoration are an almost exclusively European product. This business, which was recently redesigned around the Terreal brand, is helped in Europe by a tendency to shift away from concrete tiles and to this warmer-colored product. To keep up with this trend, the Division recently invested in modernizing its plants and raising their capacity.

Industrial concrete, a French business run by Saint-Gobain Stradal, covers a range of products for road construction and utilities, for civil engineering (railway ties, arch stones, supports) as well as urban furniture, floor slabs and paving stones, gardening or landscaping items.

Pipe

The Pipe Division is a specialized manufacturer of equipment for the water cycle whose work involves designing, producing and marketing complete piping systems.

Its constantly upgraded know-how and sustained research and development efforts have led to the design of a vast line of products: pipes, connectors and hydraulic valves; cast-iron fountains for drinking water, irrigation and wastewater; cast-iron and steel supplies for roadworks and utilities; cast-iron rainwater and wastewater pipes and connectors for the building industry.

Saint-Gobain's Pipe Division is constantly developing new ranges and on the lookout for technical enhancements to its products, to meet increasingly stringent requirements in the water markets, respond to the changing needs of urban and rural communities and expand onto new market segments. Worldwide, the products of the Pipe Division enjoy a well-established reputation for quality and innovation which stems from their sturdiness and longevity, ensuring lower maintenance costs, added to their reliability against public-health and environmental criteria.

Saint-Gobain Pipes is the world leader in production and exports of ductile cast-iron pipes and connectors, as well as supplies for roadworks. It is the European leader in cast-iron wastewater piping systems, and the no. 3 player in Europe for hydraulic valves. Global competition in these fields comes not only from other manufacturers of cast-iron pipes, but also from several rival materials, namely plastic, steel, concrete and earthenware. The Division's key worldwide competitors are European (Etex, Wavin, Uponor, Buderus, Norinco), North American (US Pipe, Mc Wane, Acipco, Tyco) and Asian (Kubota, Xing-Xing, Electrosteel). To meet these challenges, the Division's strategy is to differentiate its offerings by the quality of its products and service and to constantly upgrade its competitiveness.

Saint-Gobain Pipes has manufacturing operations in five European countries (France, Germany, Spain, United Kingdom, Italy), in Brazil and, since 1999, in Colombia, China and South Africa. Through its sales entities on the five continents and using a broad network of agents, the Division ships the products from its manufacturing facilities to over 100 countries, including the key world markets. It recently bolstered its direct sales presence in certain markets by setting up sales subsidiaries in Latin America (Argentina, Chile, Peru), Southern and Central Europe (Greece and Austria) and Asia (Hong Kong).

It has also, over the past three years, developed distribution operations covering all materials and targeted towards the drinking water supply, wastewater and building industry markets, in which it can leverage its in-depth knowledge of the market and the synergies from its international presence. With a sales presence in the United Kingdom, Germany, the Benelux countries, Spain and Finland, it is one of the European leaders in distribution of piping systems and is fully able to meet the needs of these markets in which the key expenditure now focuses on maintenance and renovation of existing systems.

The Pipe Division has more than 10,000 employees, of which one-third are in France and the rest are split between the United Kingdom and non-European countries.

Control room of the smelting furnace at the Pont-à-Mousson plant (Eastern France).

Geographical breakdown of operations

The Group's operations are evenly spread worldwide. France accounted for 29.6% of pro forma calculated sales (excluding Essilor accounted for by the equity method), of which 5% from exports of French facilities. Other European countries generated 38.8%, of which 14% from Germany and 10% from the United Kingdom (both countries' share having been boosted by the recent acquisitions of Raab Karcher and Meyer International, respectively), with Spain, Italy, the Benelux countries and Scandinavia accounting for the remaining 15%. North America represented a substantial 24.2%, attributable to the Building Materials, Ceramics & Plastics and Containers businesses. The rest of the world (South America and Asia) was responsible for 7.4%.

(in millions of euros)	France	Other European countries	North America	Rest of world	Essilor	Internal sales	Total
At December 31, 2000							
Net sales	8,541	11,203	7,002	2,149	978	(1,058)	28,815
Capitalized assets	4,099	7,334	5,903	2,194	–	–	19,530
At December 31, 1999							
Net sales	7,631	7,561	5,306	1,614	1,662	(822)	22,952
Capitalized assets	4,360	4,631	4,873	1,856	1,189	–	16,909
At December 31, 1998							
Net sales	6,953	5,494	4,512	1,547	–	(685)	17,821
Capitalized assets	5,057	4,103	3,483	1,390	–	–	14,033

Suppliers and customers

As a large user of raw materials that are abundant and available worldwide, and of semi-finished products, the Group has global or national suppliers for most of its needs: sodium carbonate and sand for glassmaking, cement and vinyl for building materials, chemical coloring for mortars, aluminum oxide for ceramics, scrap metal for pipes and foundry products, butyral polyvinyl for automotive processing. It does not, however, have any significant dependence on specific suppliers.

Its customers are also for the most part global buyers, such as car manufacturers for Glass and Plastics, spinners or the electronics industry for Reinforcements. On the other hand, some of its businesses are specifically national or regional: bottles and jars, tiles and construction materials, industrial carpentry, insulation.

Markets and distribution

The Group markets its products through an extended network of processing and distribution subsidiaries, independent customers, franchisees, referral agents, promoters, installation businesses. This is particularly true for the building-industry market for semi-finished or processed products (double glazing, safety or sunproof windows, insulating products, concrete, tiles, wall facings).

It also has direct customers among major industrial groups which are often global in scope, e.g. automakers, manufacturers of medical or laboratory equipment (Ceramics), electronics-industry companies (Ceramics, Reinforcements). For some businesses dealing in construction and public works, particularly the Pipe Division, the customers are major referral agents and promoters (national or local governments, public or private water utilities).

To round out and strengthen their distribution channels, all divisions have launched e-commerce sites, including specialized portals tailored to the needs of professional partners (both suppliers and customers) or individual customers (the Lapeyre site being a case in point). The main business-to-business sites launched or announced in 2000 were the following:

- The Building Materials Distribution Division launched its pilot site Build2Pro
- CertainTeed is one of the partners of the BuildNet Inc. e-commerce site
- The Insulation Division's website (www.isover.com)
- The Saint-Gobain Glass website (www.saint-gobain-glass.com)

Some divisions or companies have set up systems for online sales of their products, for example for insulation products in Finland or Abrasives in the United States.

Saint-Gobain Emballage (Containers) launched the first extranet in the field of glass packaging, allowing its customers to track their orders and obtain product information, and designed an e-exhibition, a year-round virtual presentation of its offerings in the field of Bottles and Jars.

In all, 235 corporate or division sites had been set up by the end of 2000, and an increasing number of these provide interactive content to visitors.
Similar sites are due to be rapidly implemented for all businesses.

Research: innovative processes and materials

(In € millions/In FF millions)	2000		1999		1998	
R & D expenditure	**300**	1,968	**342 (*)**	2,243 (*)	**250**	1,638

(*) of which € 73 million (FF 479 million) for Essilor

One of the Saint-Gobain Group's longest-standing traditions is to be constantly at the forefront of technological change in all of its businesses. Today, the Group's Research and Development operations pursue a threefold objective. Firstly, to bring to the Group's historic industrial operations a constant draft of innovation, by designing processes that reach ever-higher standards of efficiency, quality, reliability and environmental compliance, and products with broader and more diverse features that closely follow the changing needs of the markets served by the Group.

Secondly, to develop products aimed at new market segments undergoing strong organic expansion, to allow Saint-Gobain to bring its unique expertise to the growth of these new areas. New products have already been designed in the field of communications, with printed circuit manufacturing equipment, visual display units or optical data transmission systems, as well as for environmental applications, water transportation and treatment, healthcare and more.

Thirdly, to enable the entire Group to benefit from the complementary technical skills developed in its various business lines of Glass, Ceramics, Plastics, Metals, Cements and Mortars. The Group's in-depth knowledge of each of these families of materials opens the way for unique combinations, yielding unrivalled capabilities.

The Group's 16 R&D centers in Europe and the United States are in charge of pursuing its ambitious research goals, supported by about 100 smaller-sized development nodes. These development nodes are spread throughout the world, wherever the Group has manufacturing operations.

At the core of R&D processes, several sites play a key co-ordinating role:

- Aubervilliers (France) includes both SGR, the Group's largest research center on Glass, and an R&D unit specialized in Building Materials.
- In Cavaillon (France), a large-scale research center on Ceramics is currently being completed.
- The sites of Northboro and Worcester in Massachusetts bring together a core section of researches in Ceramics and Abrasives.

All R&D centers are listed in the following table:

Saint-Gobain Recherche (SGR)	All Glass divisions	Aubervilliers (France)
Centre de Développement Industriel	Flat Glass	Thourotte (France)
Sekurit Saint-Gobain (ZAF)	Flat Glass	Herzogenrath (Germany)
Centro de Investigacion y Desarrollo	Flat Glass	Avilés (Spain)
SEPR R & D Center	Ceramics	Le Pontet (France)
Solon Development Center	Crystals and Detectors	Solon (United States)
Northboro R&D Center	Ceramics	Northboro (United States)
Wayne Development Center	High-Performance Plastics	Wayne (United States)
R&D Center	Abrasives	Worcester (United States)
Centre Recherche/Développement (CRIR)	Insulation	Rantigny (France)
Technology Center	Insulation/Building Materials	Blue Bell (United States)
Vetrotex R&D Center	Reinforcements	Chambéry (France)
Development Center Wichita Falls	Reinforcements	Wichita Falls (United States)
Process & Product Devt. Department	Pipe	Pont-à-Mousson (France)
Chalon Technical Center	Containers	Chalon-sur-Saône (France)
Vinyl Sidings & Windows	Building Materials	Jackson (United States)

Saint-Gobain's R&D community is nearly 2,800 strong and represents a strongly interactive and mobile group of individuals. The many communication and knowledge-sharing forums available to these researchers allow a pooling of strengths and constant cross-fertilization around a common drive for innovation. There are also tightly-knit relations with university research laboratories, particularly in Europe and North America. In France, such cooperation has even taken the form of a joint research laboratory between CNRS (France's National Scientific Research Center) and Saint-Gobain. Researchers are strongly encouraged to move between R&D and other Group operations, as well to pursue cross-business line and international experience. This not only enhances the Group's cultural diversity but also boosts motivation.

R&D operations play a central role in the growth of all Saint-Gobain Group business lines. The Group's nearly 250 new patent applications per year, as well as 2,000 applications for international extension, reflect its ongoing design of new products offering constantly upgraded performance. Saint-Gobain brings original solutions to rapidly-changing markets and mobilizes a highly varied mix of skills worldwide.

For further information see:
www.saint-gobain-recherche.com

On September 26, 2000, Saint-Gobain inaugurated its corporate foundation, the Saint-Gobain Center for Economics Research. Designed as an forum in which specialists can debate with their peers on the analysis of contemporary economic issues, its aim is to play an active role in current thinking on political and social choices. It has therefore set itself a threefold objective: to contribute to the advancement of economic theory by organizing symposia of the leading experts; to make economic reasoning accessible to the broadest possible audience; to support economic research directly through postdoctoral scholarships.

The Center is jointly chaired by Robert Solow, winner of the Nobel Prize for Economics, and Jean-Louis Beffa, Chairman of Saint-Gobain. Six world-renowned economists make up its scientific committee.

The people of Saint-Gobain

Principles

Saint-Gobain aims to develop a highly effective community of individuals, who have confidence in the Group's future and strategy, knowing that human factors are central to its success. This means recruiting, training and developing the talent which the Group needs, then focusing on shared objectives to bring together the men and women who choose to join the Group.

Operations are decentralized within each of the three main Sectors, with small-sized units in each. The Group also draws upon internal mobility, within companies and countries as well as internationally, to leverage the synergies and complementary features of different businesses and corporate cultures.

A worldwide scope

The structure of the Group's workforce, which totaled more than 170,000 employees at December 31, 2000, illustrates how international it is today: French employees account for only a little more than a quarter of the headcount, and nearly 5% of our executives work outside their home country. The Group's geographical presence is also evenly spread across key regions and countries, with more than 45,000 employees in the Americas, over 20,000 in Germany and 18,000 in the United Kingdom. The setting up two new general delegations, for the Asia-Pacific region and for India, also reflects a new global balance.

at December 31

By Sector	2000	1999	1998
Glass Products	72,425	70,594	54,057
High-Performance Materials	30,967	48,003	22,977
Housing Products	66,670	45,138	39,309
Various	1,063	963	944
Total	**171,125**	164,698	117,287

By geographical area	2000	1999	1998
France	45,995	46,667	37,303
Other European countries	71,441	55,178	38,724
North America	30,578	36,938	25,228
Rest of world	23,111	25,915	16,032
Total	**171,125**	164,698	117,287

This 6,427-strong increase is mainly attributable to the consolidation of the newly-acquired British and German companies Meyer and Raab Karcher in the Housing Products Sector, partly offset by the disposal of Essilor in High-Performance Materials. On a comparable structure basis, the number of employees increased by nearly 1,000 or 0.6% in 2000.

Increased mobility

Against this backdrop, the Group has made extensive efforts in the past years to promote greater mobility between countries as well as cross-Division transfers of executives, of which there were 350 in 1999 and 2000. Mobility has now been defined as a requirement for the hiring of executives, alongside the necessary language skills. One of the best ways of ensuring this mobility is to offer a first posting outside their home country to young candidates for executive positions.

Profit-sharing schemes

To drive bottom-line growth, the Group has implemented a policy of providing incentive bonuses to its officers and operating managers. The criteria for such bonuses are closely linked to the individual's ability to contribute to net income growth of the operating entity and the Group, and to the reaching of previously defined personal objectives.

Stock option plans (described on pages 51 and 52) provide another motivation tool for superior performance. To provide better recognition of individual merit and performance, particularly among young executives, the number of beneficiaries was doubled as from the year 2000 plan.

The Group has also considerably developed employee share ownership over the past years, through a Group Savings Plan (PEG) which was initially set up in France, then extended to Europe and other countries in line with national legislation and practice.

In 2000, partly thanks to the exceptional "Development 2000" plan, the number of shares subscribed surged 67%, representing nearly 2 million shares. Following the latest increase in capital stock, employees held 6.1% of shares and 8% of voting rights. There are also other collective remuneration schemes, such as profit-sharing bonuses in France and similar systems in other countries.

Ongoing dialog with employee representatives

Discussions concerning working conditions mainly take place in the various subsidiaries' Works Councils with elected trade union representatives. These discussions were particularly important in France in 2000 due to the implementation of agreements on the 35-hour working week. Further, the membership of the Group Works Council, a consultation body, was renewed through elections in 2000. At European level there are also regular meetings within the structure set up by the Collective Agreement for European Employee Consultation signed twelve years ago.

In the event that downsizing plans have to be implemented in France, a decentralized organization called Saint-Gobain Développement, which includes three regional delegations, helps redevelop areas affected by plant closures and provides outplacement solutions to individual employees. This company's work spanned several different cases in 2000.

Stepped-up recruitment and training efforts

Training is another priority, to ensure the constant updating of employee skills to match developments in Group operations. To help fuel its growth, Saint-Gobain has intensified its recruitment efforts with leading higher education institutions, developing partnerships with some of them.

In 2000, the Group's specialized web portals also made possible the first experiences of "e-recruitment". In terms of salesforce training, Point P achieved very positive results with its original experiment of an in-house sales training school in Nantes (western France), promoting the setting up of a second site in Arles in southern France. More generally, extra training in customer relationship management was offered to all Group companies. The first computer-based training initiatives were also launched in the course of the year.

Active internal communications

Group management, as well as the leadership teams of the divisions, delegations and companies devote a large part of their time to communicating with employees, to ensure that the Group's strategy and objectives are clearly explained and understood by all.

Toward this end, several media are widely used and distributed, such as internal newsletters, videos and CDs, in addition to the Group's Intranet and the various websites run by Compagnie de Saint-Gobain, the divisions and individual companies.

Environment and industrial risks

General policy

Saint-Gobain has set as its first rule strict compliance with international, national and regional legislation on environmental protection. But beyond this basic principle, its policy initiatives are driven by a constant determination to reach more ambitious goals, such as zero waste generation or zero water discharges. Environmental laws and regulations entail constraints, but the Saint-Gobain Group embraces them as opportunities to seek constant improvements not only in its products but also in the processes used to manufacture them. Controlling the latter through primary measures—minimizing pollution at the source—is a core quality driver.

Environmental legislation has a twofold effect on operations: on the one hand, it promotes R&D efforts followed by capital expenditure on clean technology or pollution abatement systems; on the other, it stimulates the design of new products with improved thermal properties, for example in insulation and flat glass, which reduce energy consumption very significantly.

The authorities in charge of regulating facilities governed by specific environmental legislation vary from country to country. They can be dedicated departments of national authorities (France), regional authorities (Germany, Spain, Italy) or the Environmental Protection Agency in the United States.

Some facilities, because of the nature or size of their operations, do not fall under the scope of specific legislation governing regulated industrial sites, but are monitored either by public health authorities or directly by local governments. To take into account these diverse circumstances, a matrix-based organization structure has been set up, in which each business (Division) has direct responsibility, but national or regional delegations also provide support.

Saint-Gobain's Environment, Health and Safety Department is in charge of defining and promoting a Group-wide policy, which is implemented within the industrial subsidiaries.

In 2000, as a result of consultations with each of the divisions and delegations, the Group adopted a common approach to EHS issues for comprehensive management that respects each company's organization structure. Each was therefore able to choose between complete integration of EHS management or the designing of specific policies based on the same principles, as long as the various systems were compatible.

This policy involves three levels: strategic, to be handled by corporate management; operational, for site leadership dealing with manufacturing issues; and marketing/sales to take into account and meet customer needs while optimizing the use and end-of-life-cycle phases.

Tools

Five types of tools, which were initially developed jointly with local companies and plants for their own use, are now implemented throughout the Group. An EHS reference manual, combining international environmental, health and safety standards, allows company leaders to organize their initiatives in these fields. An EHS self-diagnostic process enables site managers, possibly supported by an in-house or external specialist, to review their facility's situation with respect to Group standards. It includes recommended action plans as well as reminders of applicable legislation. An audit protocol known as "20 steps" provides additional tools to perform internal audits with a view to possible certification under the ISO 9000 (quality), ISO 14001 (environment), or even BS 8800 (health and safety) standards.

Lastly, a set of guidelines was also produced concerning industrial health and safety issues specifically related to the work of outside contractors on Group sites.

Each year, representatives of all Group sites worldwide come together for the "Safety Diamonds" awards process. The health and safety performance of all facilities is reviewed, with findings on corrective action that needs to be implemented and the setting of new objectives for each site. This event promotes the sharing of feedback, allows comparisons between business lines, subsidiaries and countries, while ensuring that available tools and programs are distributed to meet each need.

Certification

The industrial divisions have several years' experience in quality certification programs, which have led to certification for nearly all of their sites. The Building Materials Distribution business is now embarking on the same process.

More than two-thirds of the Group's sites are either already ISO 9000 certified or on their way to becoming so. For environmental certification, more than 50 sites are ISO 14001 approved.

EHS performance indicators developed in 2000 should make it possible, as from 2001, to review comprehensively and on a consistent basis the performance of the largest facilities.

Capital expenditure

Each year, the Group devotes considerable capital expenditure and operating expense to environmental protection. Its core focus is on the development of clean technology and primary measures that involve on applying innovative and constructive methods to reduce discharges of pollutants early on in the production process. This approach is inseparable from the technical upgrading of the processes themselves. By combining different approaches, the Group seeks to meet the requirements of the most stringent regulations. In most cases, however, dedicated resources must be earmarked for environmental purposes and this helps fuel our constant drive to innovate.

Saint-Gobain therefore focuses on preserving natural resources and exercising tight control over the manufacturing and distribution of its products. Its aim is to minimize their environmental impact over their entire life-cycle and, where possible, to ensure that they contribute efficiently to energy savings. The development of insulation products and low-emission flat glass, as an example, helps minimize harmful emissions of greenhouse gases (such as CO_2) through energy savings in new or renovated buildings.

2000 management report

Economic and market conditions

The pace of world economic growth stepped up once again in 2000, to reach 4.8%, following rates of 3.4% in 1999 and 2.5% in 1998. However, a marked slowdown in the second half of the year dampened the rise in Group sales.

The United States continued to be the driving force of the world economy. American GDP grew 5.1% in 2000, driven by strong productivity gains. The gradual impact of a slowdown in the second half of the year brought consumer spending and investment back to levels that are more sustainable in the long term. The performance of the American economy also contributed strongly to the recovery of emerging economies in Latin America and Asia. Brazil's industrial output was boosted, helping the country emerge from the financial crisis of 1999.

Europe's GDP for the year enjoyed its strongest rise in a decade, growing by 3.4% – almost a full percentage point higher than in 1999. Brisk European expansion was soundly rooted in sustained domestic demand and a high level of gross fixed capital formation. The vigor of the US economy and Latin America's emergence from economic crisis gave added thrust to European exports. Despite the low level of the euro, Europe's economy weathered the impact of higher prices for imported raw materials, auguring well for its future economic outlook.

- In Germany, the employment market recovered some vitality and economic growth resumed, reaching 3.2% in 2000, up from 1.4% in 1999.
- In France, GDP growth, estimated at 3.1% for 2000, outstripped its long-term average. Demand for manufactured goods held up well at 3.7% despite the end-of-year slowdown, largely thanks to a buoyant labor market. Unemployment fell below 10%, to 9.2% at the end of December, triggering a virtuous circle in which domestic and export orders stimulated the country's manufacturing sector.
- In the United Kingdom, domestic demand grew vigorously in a context of full employment and budgetary surplus.
- Italy struggled somewhat in 2000, reporting the EU's lowest rate of growth, 2.6%.

Central and Eastern European countries benefited from the overspill of brisk activity in the European Union, but high oil prices worsened their deficits. Conversely, this helped sustain growth in Russia which recorded positive rates in 2000.

In the building and civil engineering works sector, business was brisk in all European countries except Germany, as investment in the residential sector in the EU was almost on a par with 1999 levels.

- In Germany, investment in construction fell 2.1%. Non-residential construction remained lively but the home-building sector continued to decline, partly due to stagnation in real household earnings. The implementation of the tax cuts in the 2001-2005 fiscal plan should help ease this restriction.
- In France, another exceptional year saw sustained business in the building industry, with volume growth of 5.7% (extra demand due to the "storm-damage" effect accounting for about 1%). The outlook for building industry professionals remains very positive in 2001, in both new construction and renovation.

In the United States, residential housing starts, which had peaked at more than 1.7 million units on an annual basis, contracted markedly, dipping to a low of 1.55 million units (on an annual basis) early in the second half of 2000. They have since been climbing back, however home loans to households are still losing pace. The fall in interest rates, if it continues, should help the building industry bounce back.

In Western Europe, new vehicle registrations dropped only 2.2% from their record-breaking level in 1999, making 2000 another good year for the automobile industry. Contrary to expectations, the steep increase in oil prices and higher interest rates had only a slight impact on this market.

Germany suffered the most abrupt decline in this sector (–11%), caused by tighter consumer spending, short supply of new mid-range automobiles, and competition from the second-hand market.

The level of new registrations in France, however, held up well, losing only 0.7%, which was better than Spain (–1.8%) and the Netherlands (–2.3%). In contrast, the number of cars sold rose 3.3% in Italy and 1.1% in the United Kingdom, stimulated by lower prices.

In the United States, registrations for new cars and light trucks were up 2.5% at the end of 2000, despite a steady downward trend throughout the year—from 19 million (on a yearly basis) in February to 15.4 million in November. It is still too early to judge whether December's rebound was the start of a turnaround.

Against this backdrop, **Saint-Gobain performed well in 2000 in spite of contrasting economic conditions worldwide.** Favorable conditions returned for the Glass Sector.

The buoyancy of the French market brought sustained business to all the Group's activities, particularly in the high-tech fields of electronics and semiconductors. However, the fall-off in construction starts in the United States in the second half of the year, the slump in the German building industry and the higher cost of energy and raw materials such as asphalt, resins and scrap iron, all had a negative impact on results and represent areas of concern.

Results for 2000: objectives reached and commitments met

(In € millions/FF millions)	2000		1999		1998	
Sales	**28,815**	189,014	**22,952**	150,555	**17,821**	116,901
Operating income	**2,693**	17,665	**2,314**	15,179	**1,776**	11,647
Income before tax and before profit on sales of non-current assets	**1,947**	12,771	**1,821**	11,945	**1,393**	9,140
Net income before minority interests	**1,642**	10,771	**1,389**	9,111	**1,182**	7,756
Net income	**1,517**	9,951	**1,226**	8,042	**1,097**	7,196
Cash flow from operations	**2,643**	17,337	**2,360**	15,481	**1,912**	12,540

As Essilor was divested during the year, it was fully consolidated in the Group's financial statements for the year ended December 31, 2000 only up to June 30, after which it was accounted for by the equity method up to November 15, when the Group disposed of its entire stake in the company.

Saint-Gobain's results for fiscal 2000 show another year of double-digit growth, slightly above the ambitious targets set by the Group.

Sales on an actual structure basis were up 25.5% to € 28.8 billion (FF 189 billion). Consolidated net income increased 23.7% to € 1.5 billion, or close to FF 10 billion. This figure includes capital gains from the sale of 4,000,000 Vivendi shares in February 2000, and all the Essilor shares sold in November 2000. The profit recorded in the parent company's financial statements for the disposal of Essilor amounted to € 515 million before tax.

Excluding profit on sales on non-current assets, net income came to € 1,026 million (FF 6,730 million), up 16.2% on 1999. The Group's 15% growth target was therefore met and even slightly exceeded, despite a less buoyant economic climate in the second half.

Based on the 85,213,263 shares outstanding at December 31, 2000 following the buyback and cancellation of 5% of capital stock, earnings per share rose 26.7% to € 17.80 Excluding capital gains, earnings per share amounted to € 12.04, up 19%.

Cash flow from operations rose by a further 12% to a new record-breaking level of € 2,643 million against € 2,360 million in 1999, and for the first time the Group's free cash flow exceeded capital expenditure by more than € 1 billion.

This solid overall performance, the best-ever in the Group's history, reflects several positive factors: strong organic growth in the Group's three business Sectors and higher profitability in Flat Glass and High-Performance Materials, combined with the benefits of major strategic decisions such as the disposal of investments in Vivendi and Essilor, the development of Ceramics and Composites, and international expansion of the Building Materials Distribution Division. In addition to this organic and external growth, productivity gains of 3.5% (excluding Essilor) outpaced those achieved in 1999.

Stepped-up organic and external growth

The combination of organic growth and acquisitions drove the Group's expansion in fiscal 2000. Overall internal growth, on a like-for-like basis, reached an average of 5.5%, compared with an average annual rate of 3.6% since 1995. This was evenly spread between the Group's traditional core businesses and its high-growth activities.

Growth by Sector, on a like-for-like basis, was 4.3% for Glass (including 7.8% for Flat Glass), 6.9% for High-Performance Materials, and 6.6% for Housing Products (including 10% for Building Materials Distribution). This reflects the benefits of capital expenditure on creating and upgrading production facilities: new laminated glass production line in Salaise (France) and new floats in England and India for the Flat Glass Division, increased capacity of the Kansas City Insulation line, new bottle production lines in Argentina for the Containers Division, full-year effect of tile and brick production capacity upgrades for the Building Materials Division, a new product strategy for the Pipe Division, and integration of bolt-on acquisitions by the Building Materials Distribution Division.

All three of the Group's Sectors also continued to grow through acquisitions, some of which were of major strategic importance. The largest of these concerned fast-growing areas or businesses and accounted for 90% of the invested capital. The Ceramics & Plastics Division added to its 1999 acquisition of Furon by taking over Chemfab in the field of engineered polymers, at a cost of € 190 million. Holz and Magic, two American companies specialized in semiconductor components joined the Advanced Ceramics business line.

The Reinforcements Division added to its Technical Fabrics operations with BTI and Syncoglass. Building Materials Distribution embarked on major deployments leading to Europe-wide expansion, with the acquisition of Meyer in the United Kingdom and Raab Karcher in Germany. The purchase of Telhanorte stores in Brazil also gave the Division a foothold on the American continent.

The Pipe Division acquired the pipes business of Britain's Biwater Industries and a German pipe distributor, Leysser, for a total outlay of € 91 million.

This strategy of combined organic growth and acquisitions led to very substantial advances for all the Group's fast-growth businesses. Sales of Fiberglass Composites were up 41% on 1999 (of which 12.4% through organic growth). Sales of High-Performance Plastics soared 127%. The Building Materials Distribution Division practically doubled its business in 2000, with sales up 94.4%.

Balanced and sustained results

Implementation of the Group's strategy led to a marked upswing in sales for all three Sectors, with a 30.8% increase in actual terms excluding Essilor and 11% on a comparable structure basis and in euros. Several factors helped drive this growth.

Sales volumes expanded by 3.3% over the whole year, rising steeply in the first six months, particularly in Europe, but leveling off in the second half, mainly because of the slowdown in the American and German construction markets. Prices, however, were buoyed by steady upward trends in Flat Glass, Reinforcements and Building Materials throughout the year, with 2.1% overall growth. This gave a price/volume ratio of 5.5%, further boosted by a 5.2% positive currency translation effect, as well as a 19.8% gain from external growth.

The same factors explain the increased sales within each Sector and Division. Glass Sector sales grew 10.8% on a published basis, fueled by sustained demand and rising prices in Flat Glass and Reinforcements. Excluding Essilor, High-Performance Materials sales expanded 16.3% based on a comparable Group structure. The change of scale in the Building Materials Distribution division caused the published sales of the Housing Products Sector to surge 54.4%, while organic growth amounted to 10.4%.

By region (excluding Essilor), the breakdown of unadjusted sales was as follows: France 29.6%, other European countries 38.8%, North America 24.2%, and the rest of the world 7.4%. All zones reported increased sales in 2000, albeit to varying degrees: solid growth in France (+ 8.7% in both euros and francs); growth of 6.1% in other European countries despite the slump in the German construction industry in the second half and the year-end storms in Britain; significant headway in Latin America and Asia (a gain of 14.7% in local currencies, and close to 32% in euros). Performance in North America was far less satisfactory. While sales expressed in euros were up 17.3%, this growth was mainly attributable to the amplifying effect of the dollar exchange rate. In local currency, the actual gain was only 1.2%—a result of the economic slowdown in the second half of 2000. There was no increase in sales volumes for the year.

Operating income, excluding Essilor, increased 22.9% year-on-year (12.2% on a comparable structure basis). This represented operating margin of 9.2% (9.3% with Essilor), compared with 9.8% in 1999. The contraction was caused by the shift in the Group's mix of activities, specifically the added weight of the Building Materials Distribution Division which has structurally lower operating margins. With both Essilor and Building

Materials Distribution excluded, operating margin came to 10.8% against 10.6% in 1999.

Operating income rose in all three Sectors. The Glass Sector's 16.6% gain in operating income reflected the excellent performance of the Insulation and Reinforcements Division, which generated operating margin of 13%, while the Containers Division held firm in the face of rising energy prices, and Flat Glass recovered, bringing its operating margin to 10.3%.

Excluding Essilor, the High-Performance Materials Sector recorded a 47.4% jump in operating income, achieving operating margin of 13.1%, thanks to the leverage provided by acquisitions and to profitability gains in its Ceramics and Abrasives operations.

Boosted by external growth, the Housing Products Sector's operating income climbed 17.4%, but operating margin fell to 6.2% from 8.1% in 1999. The acquisition of Raab Karcher and the difficulties of Lapeyre International weighed on the results of the Building Materials Distribution Division, while for Building Materials the impact of flat sales volumes and prices caused by the U.S. economic slowdown was compounded by rising raw materials costs.

The Pipe Division felt the effects of a difficult business climate, particularly in the United Kingdom, with higher raw materials prices and the cost of the very fast restructuring undertaken following the acquisition of Germany's Schalker Verein (ex-Thyssen) in 1999 and Britain's Biwater in 2000, as both countries' markets experienced downturns.

By geographical area, all four zones achieved improved operating income, but profitability as a percentage of sales varied by region. Operating margin was up in almost all areas, in France and other European countries (excluding Building Materials Distribution) as well as in emerging markets, but not in North America where the second-half slowdown eroded margins.

Cash flow from operations, with Essilor accounted for by the equity method and excluding capital gains taxes on divestments, was up 16.9% to € 2,634 million. Free cash flow, increasing once again, reached a record level of over € 1 billion (excluding Essilor). All three Sectors contributed to this result. The Glass Sector continued to generate substantial cash flow, while cutting back on heavy capital expenditure, as did the High-Performance Materials Sector despite its ambitious growth targets. In the Housing Products Sector, the Building Materials and Pipe Divisions demonstrated their ability to cut capital outlay when circumstances demand it. All the Divisions reported significant free cash flow in 2000.

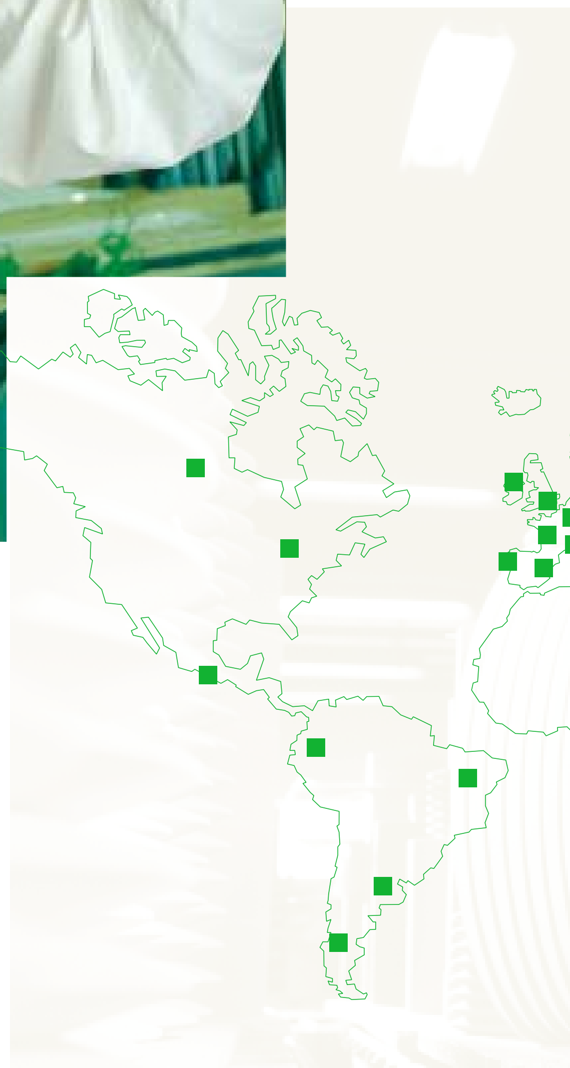
Long-term investments and investments in securities increased by 34.9% (to € 3,347 million against € 2,481 million in 1999) due in particular to the buy-back of 5% of capital stock (€ 376 million for 2.5 million shares) and to the major acquisition program in Building Materials Distribution (€ 2,099 million), Ceramics & Plastics (€ 425 million) and Reinforcements (€ 107 million).

Capital expenditure amounted to € 1,722 million, compared with € 1,712 million in 1999.

Net indebtedness at December 31, 2000 stood at € 8.2 billion, and represented 70% of consolidated shareholders' equity.

Outlook for 2001

The Saint-Gobain Group, pursuing its strategy of controlled long-term growth, has set as its target for 2001 a 10% increase in net income before profit on sales of non-current assets, provided there is no further deterioration in the macroeconomic environment



In € millions/FF millions	2000		1999		1998	
Sales	**11,317**	74,235	**10,217**	67,019	**8,171**	53,595
Operating income	**1,228**	8,055	**1,053**	6,907	**809**	5,309
Cash flow from operations	**1, 421**	9,321	**1,273**	8,350	**1,029**	6,747
Capital expenditure	**961**	6,304	**995**	6,257	**837**	5,490

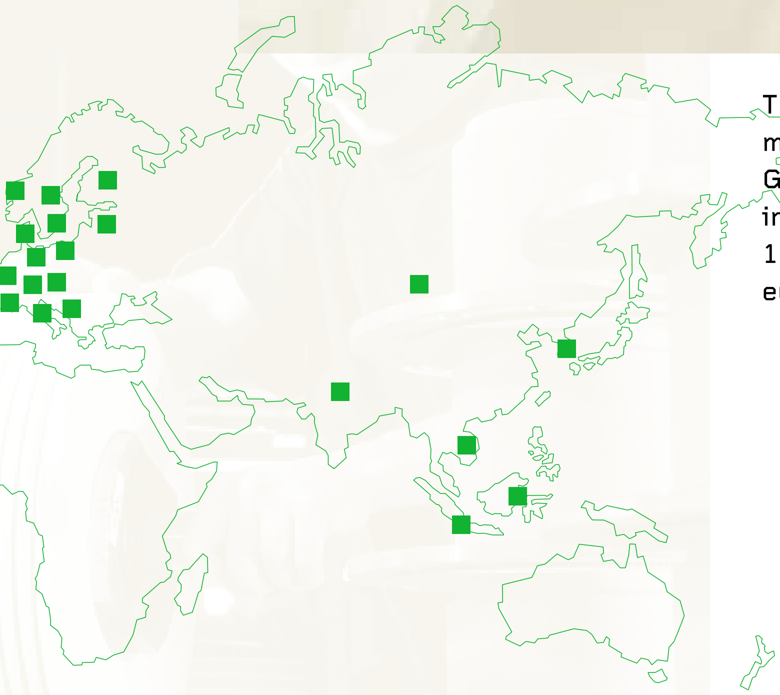
Internal sales are deducted from sales data by Sector and by Division.

GLASS SECTOR

FLAT GLASS

INSULATION AND REINFORCEMENTS

CONTAINERS



The Glass Sector benefited from brisk demand in most of its activities and higher prices for Flat Glass and Reinforcements, leading to fresh growth in sales and profitability. Year-on-year sales rose 10.8%, and 10% on a comparable structure basis in euros. Operating income grew by 16.6%.

Flat Glass

Headquarters of DG Bank AG in Berlin (architect: Gartner Gundelnfingen).

Contribution to the Group	2000	1999	1998
As a % of sales	**14%**	16%	13%
As a % of operating income	**16%**	14%	12%
As a % of cash flow from operations	**19%**	17%	15%

Key consolidated data (In € millions/FF millions)	2000		1999		1998	
Sales	**4,167**	27,334	3,718	24,388	2,270	14,891
Operating income	**430**	2,821	328	2,152	204	1,340
Cash flow from operations	**489**	3,208	408	2,676	279	1,831
Capital expenditure	**425**	2,788	389	2,552	203	1,334

Flat Glass sales amounted to € 4,167 million in 2000, against € 3,718 million in 1999, an increase of 12%.

Based on a constant group structure and excluding the impact of exchange rate effects, particularly the strength against the euro of South American and Asian currencies as well the British pound, sales rose 7.8%.

The biggest contributors to this growth were the basic products from European floats, boosted by strong construction industry demand that led to high volume and price performance. Processing and distribution for the building industry in Europe also generated increased sales volumes, with a more modest rise in prices. Outside Europe, upbeat Latin American and Asian markets fuelled energetic sales growth in the Division's float-glass units.

Renault's Avantime, entirely fitted with Saint-Gobain Sekurit glass.

Automotive business grew strongly thanks to the vitality of automobile markets in Latin America and Asia, and to sales growth in Europe which, though moderate in volume, was spurred by ranges of new high-added-value products. In specialty products, especially vitroceramics, the rapid pace of growth seen in previous years continued in 2000.

Against this background, the Division boosted its operating income by 31% to € 430 million (10.3% of sales), from the previous year's € 328 million (8.8% of sales), with all the Division's activities contributing to this advance.

Higher prices for flat glass in Europe and elsewhere led to improved margins, despite the significant impact of rising energy costs. Increased sales volumes and better technical performance also helped absorb exceptional charges relating to start-ups or work stoppages for the reconstruction of production lines.

There was a very significant improvement in the results of processing and distribution operations for the building industry, thanks to increased sales volumes and strict management processes, and despite the higher cost of base glass.

In processing for the auto industry, results were mainly driven by a vigorous business environment and improved technical performance in Asia and Latin America.

In 2001, trading conditions in the building and automobile industries in Europe and South America should continue to be favorable for the Division, helping it to further improve its financial performance. Recently commissioned float lines and processing facilities for the auto industry will be strengthened, while the European network of processing/distribution subsidiaries serving the building industry will continue to aim for strong profitability growth. At the same time, the high rate of capacity utilization in float glass facilities worldwide seems likely to spark further increases in average prices in 2001.

Lastly, the Division will also include within its specialty glass offerings the advanced products it has developed for certain electronic display applications.

Insulation and Reinforcements

Contribution to the Group	2000	1999	1998
As a % of sales	**11%**	12%	14%
As a % of operating income	**16%**	15%	15%
As a % of cash flow from operations	**17%**	16%	17%

Key consolidated data (In € millions/FF millions)	2000		1999		1998	
Sales	**3,254**	21,345	2,864	18,787	2,488	16,318
Operating income	**423**	2,775	358	2,348	273	1,788
Cash flow from operations	**451**	2,958	389	2,552	323	2,177
Capital expenditure	**258**	1,962	345	2,263	264	1,735

The Insulation and Reinforcements Division recorded sharp progress in 2000, with sales up 13.6% (11.4% on a comparable structure basis and in euro) and a further 18.2% rise in profitability. Operating margin came to 13%, a score which places the Division at the forefront of Group performance. This achievement was wholly attributable to the very strong results of the Reinforcements business, boosted in 2000 by a highly dynamic market and by the payback for the industrial rationalization and downstream development it had undertaken in previous years. The Insulation Division experienced a slight erosion in its profitability, due to the fall in prices in the United States. The free cash flow ratio remained very positive thanks to optimal management of capital expenditure.

Insulation of funicular cabins in Tignes (French Alps).

Reinforcement products.

In Insulation, sales for 2000 were slightly up compared with 1999, reflecting the slowdown in the American market, offset by moderate growth in Europe.

In Reinforcements, the year was characterized by faster growth in sales, thanks to a strong upswing in demand and to higher average prices for fiberglass. The Division was able to use its production capacity at full and run down inventory to serve the market better. Its market share expanded over the period.

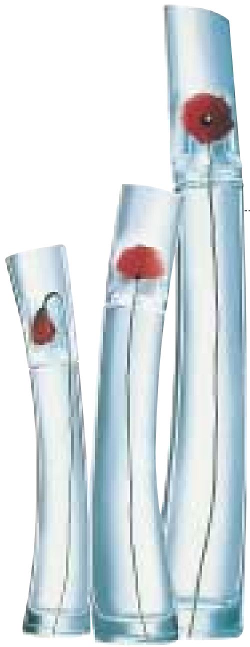
Geographically, the vitality of American and European markets and the sharp recovery in Asia (mainly in Korea and China) helped to stimulate demand.

The key acquisitions of the period were the U.S. company Brunswick Technologies Inc., with headquarters in Maine and a fiberglass plant in Alabama, and Tevesa, a Spanish manufacturer of grinding wheel grids. The dry bonded fiberglass operations of the Insulation Division were integrated into the Reinforcements Division at the beginning of 2000.

All geographical areas and businesses obtained substantial profitability gains in 2000, despite some technical incidents during commissioning in India and a furnace leakage in the United States.

Growth in the fiberglass manufacturing business should continue in 2001, as the Division increases output to meet world demand that outstrips available capacity. Most of this development will be in Asia (China) and at the Xicohtencatl factory in Mexico. The extra capacity will be operational beginning in July 2001.

In processing, the potential for growth lies in achieving a broader international scope with operations in America and Asia, meeting high demand in certain fast-growing markets (reinforcements for wind-generator manufacturing), and taking on new applications such as renovation of civil engineering structures.



Flower flasks by Kenzo.

Containers

Contribution to the Group	2000	1999	1998
As a % of sales	**14%**	16%	19%
As a % of operating income	**14%**	16%	19%
As a % of cash flow from operations	**18%**	20%	22%

Key consolidated data (In € millions/FF millions)	2000		1999		1998	
Sales	**3,906**	25,622	3,640	23,877	3,416	22,407
Operating income	**374**	2,453	367	2,407	332	2,181
Cash flow from operations	**480**	3,149	476	3,122	427	2,799
Capital expenditure	**278**	1 824	261	1,712	370	2,421

With consolidated sales of € 3,906 million in 2000, the Division achieved growth of 7.3% over 1999. In China, Zhanjiang Saint Hua Glass (69%-held by the Group) was fully consolidated but made only a modest contribution to the Division's results. The first full consolidation of two flask decoration companies, Verreries de l'Orne and Verreries de la Somme, had no impact on total sales as their production is sold exclusively to Saint-Gobain Desjonquères

Excluding currency translation effects, sales growth amounted to approximately 1%.

In the Bottles and Jars business in Europe, overall trading was on a par with last year's. Sales in Germany and Spain contracted slightly again, but this was offset by headway made in Italy. In the United States, the Division had anticipated a down-turn in 1999, shutting down five furnaces and nineteen lines. In Latin America the Division gained ground in both Brazil and Argentina.

Growth in the Flasks business held up well, helped mainly by upgraded product ranges. Sales by the pharmaceutical bottle business leveled off during the second half of the year, while the perfume bottle segment received a satisfactory number of orders for new product designs.

Plastic pump dispenser activities developed in both the United States and Europe.

Operating income for the Division increased by 1.9%. Business in the bottles and jars segment declined in Europe, particularly in Spain and Germany, but in other countries this trend was offset by currency translation effects and by the increased profitability of flasks and plastic pump dispensers. The Container Division's profitability was heavily undermined by higher fuel oil costs in Europe and by rising gas prices in the United States due partly to short supply at the end of the year. Productivity-boosting measures were maintained, particularly in the U.S. where very high gas prices remain a source of concern.

The Division plans to increase its prices during 2001 in order to absorb the growing burden of energy and packaging costs.

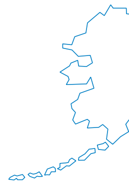
The drive to raise productivity will continue in 2001, especially in the United States.

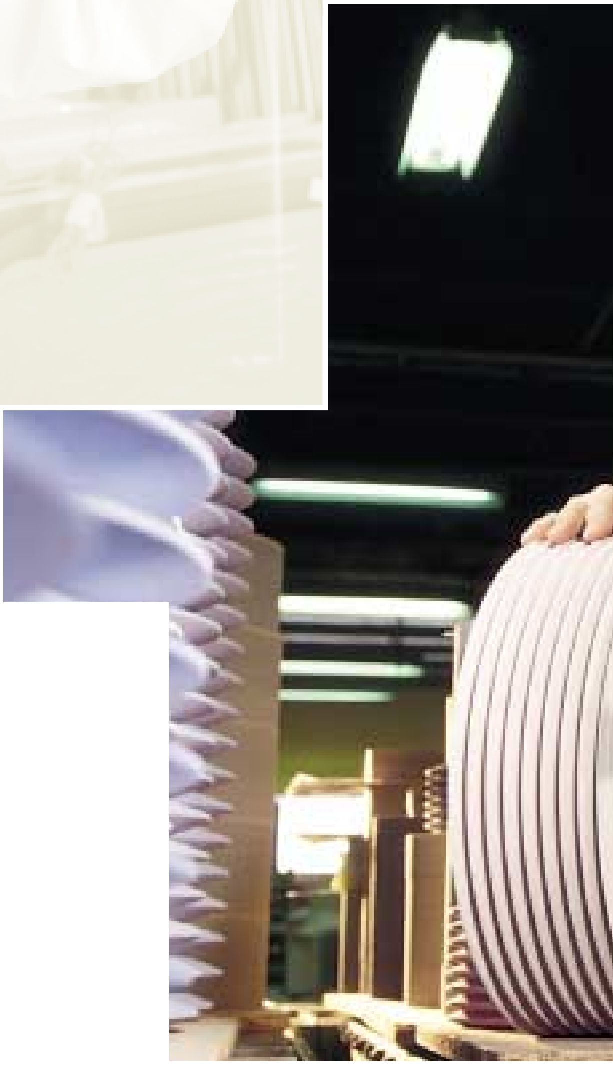
The Dorelei bottle, by Fischer breweries, won a Packaging Oscar.

HIGH-PERFORMANCE MATERIALS SECTOR

CERAMICS AND PLASTICS

ABRASIVES





In € millions/FF millions	**2000**		1999		1998	
Sales	**5,073**	33,277	**4,726**	31,001	**2,762**	18,119
Operating income	**668**	4,382	**594**	3,896	**325**	2,134
Cash flow from operations	**582**	3,818	**554**	3,634	**288**	1,892
Capital expenditure	**290**	1,902	**266**	1,745	**131**	859

Internal sales are deducted from sales data by Sector and by Division

By comparison with 1999 (and excluding Essilor), the results of this Sector in 2000 were on a sharp upward path, both in actual terms and on a comparable structure basis. This was chiefly attributable to the excellent performance of the Ceramics & Plastics Division and to sustained business in Abrasives.

Sales rose 33.6%, or 16.3% on a comparable structure basis and in euros. Excluding Essilor, the Sector's operating income surged 47.4% thanks to the leverage provided by acquisitions and to profitability gains in its Ceramics and Abrasives operations. Further, the Sector was not noticeably affected by the slowdown in the U.S. economy in the second half of the year.

Ceramics and Plastics

Contribution to the Group	2000	1999	1998
As a % of sales	**15%**	14%	15%
As a % of operating income	**21%**	18%	18%
As a % of cash flow from operations	**18%**	15%	15%

Key consolidated data (In € millions/FF millions)	2000		1999		1998	
Sales	**4,095**	26,861	3,066	20,112	2,762	18,119
Operating income	**538**	3,529	365	2,394	325	2,134
Cash flow from operations	**458**	3,004	315	2,066	288	1,892
Capital expenditure	**206**	1,351	137	899	131	859


Assembling in a clean room.

Sales for 2000 were characterized by strong growth on both a published and like-for-like basis.

The main changes in structure were the inclusion of the full-year sales of Furon, acquired in November 1999, and the € 90 million impact on sales of acquisitions carried out in 2000 in Specialty Ceramics (Holz and Saphikon in the United States, Keramus in Brazil and ETA in the United Kingdom) and High-Performance Plastics (Norwood and Chemfab in the United States).


Sapphire tubes and rods for the semiconductor industry.

Fiscal 2000 saw an upswing in sales for most segments, particularly Industrial Ceramics which went on to recover strength, and Specialty Ceramics spurred by vigorous demand in the semiconductor market. Operating income and operating margin both rose strongly.

The Division's three activities reported improved results, especially the High-Performance Plastics business which included Furon's full-year results for 2000. Industrial Ceramics operations benefited from rallied demand and the effects of earlier cost-cutting measures. In line with its strategy of refocusing on its core businesses in which it enjoys leadership positions, the Division disposed of its ceramic fibers operations, brought together in Carborundum Insulation Technology, a company with sales of U.S.$ 80 million.

Fiscal 2001 should confirm the turnaround in Industrial Ceramics begun last year. Trading conditions are expected to prove favorable for the Specialty Ceramics business which is in a position to meet strong market demand thanks to substantial capacity-boosting expenditure. High-Performance Plastics will continue to make headway in expanding markets through constant product innovation.

The Ceramics and Plastics Division will take advantage of the favorable context in 2001 to push ahead with its drive for profitable expansion in growth markets, while it continues to cut overheads.

Abrasives

The Abrasives Division continued to expand its operations, against a backdrop of moderate growth in its market, helped by favorable currency translation effects.

In North America, the contraction in the building industry and the year-end economic slowdown had an adverse effect on sales on a comparable structure basis, particularly in the last quarter. A return to favorable trading conditions in Europe, though still timid in Germany and Britain, helped to improve sales compared with 1999. Business was particularly buoyant in Brazil owing to steady growth in all the sectors served. Finally, in Asia, sales increased in high-growth countries such as China, but to a lesser extent in India where the Division has a strong industrial base.

As in the two previous years, the Division recorded increased operating income for 2000. Performance by product line—bonded abrasives, coated abrasives and superabrasives—was somewhat uneven:

- In bonded abrasives, sales were affected by a shift to products with lower added value. However, the integration of the Polish company Korund during the year should improve the Division's cost structure in Europe.
- In coated abrasives, the overall level of sales held up, due notably to a dynamic home-improvements market in the United States. The Division maintained its efforts to restore its operating margin in North America to earlier levels.
- In superabrasives, operating income continued to rise in both the industrial and construction segments, in a context of moderate market growth. These results were achieved through ongoing productivity improvements in Europe and the United States.

Looking to 2001, there is some uncertainty about the United States, where the last quarter of 2000 pointed to a possible industrial slowdown.

In Europe, growth should remain moderate, though slightly down on 2000. Both Brazil and Asia still show promise.

Prospects for sales growth in 2001 rest on the Division's drive to increase market share through a reorganized sales structure, improved logistics and the commercial success of new products.

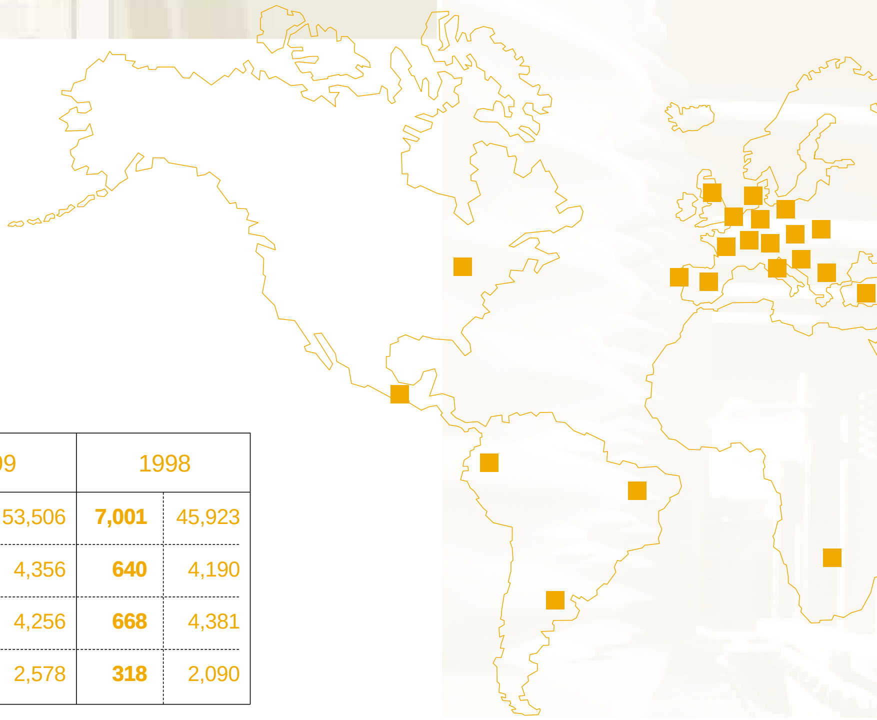
Range of abrasive products.

HOUSING PRODUCTS SECTOR

BUILDING MATERIALS DISTRIBUTION

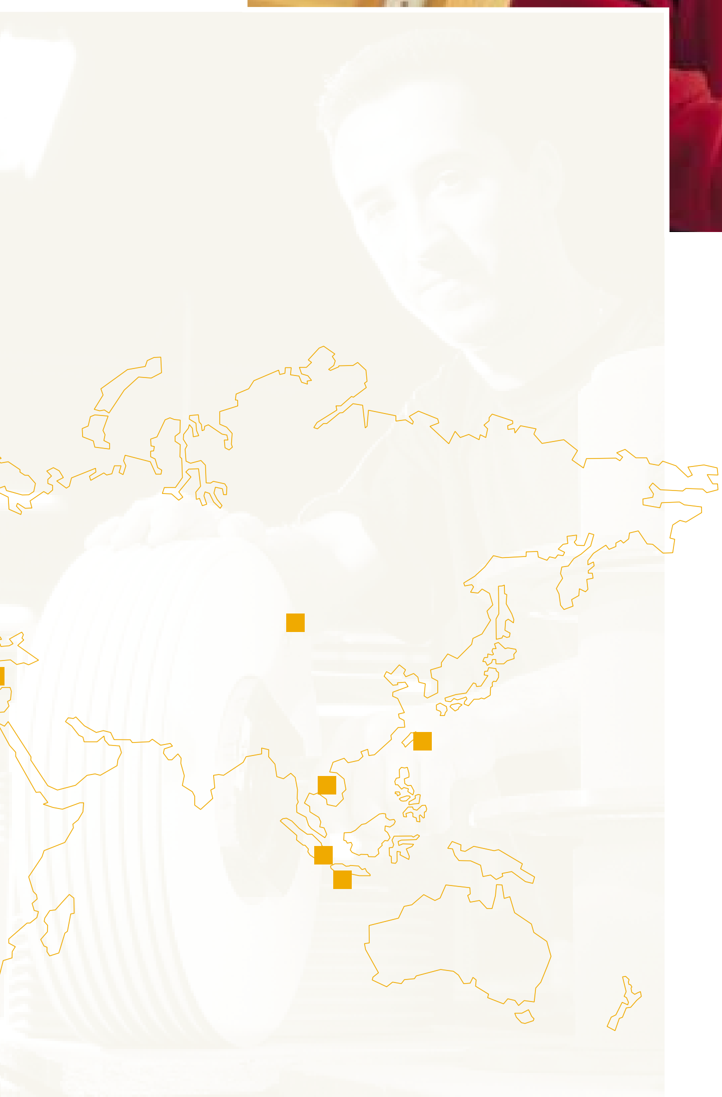
BUILDING MATERIALS

PIPE



In € millions/FF millions	**2000**		1999		1998	
Sales	**12,596**	82,624	**8,157**	53,506	**7,001**	45,923
Operating income	**780**	5,116	**664**	4,356	**640**	4,190
Cash flow from operations	**702**	4,605	**690**	4,256	**668**	4,381
Capital expenditure	**469**	3,076	**393**	2,578	**318**	2,090

Internal sales are deducted from sales data by Sector and by Division.



Despite robust sales growth, particularly by the Building Materials Distribution Division, this Sector experienced a sharp dip in its profitability. Significant increases in raw materials and energy costs in the United States eroded margins in the Building Materials and Pipe Divisions.

Building Materials Distribution operating margin was reduced by the acquisition of the German company Raab Karcher and the difficulties of Lapeyre International, masking a modest improvement in underlying profitability.

The Sector's 54.4% increase in sales was mainly attributable to the Building Materials Distribution acquisitions. Operating income grew by 17.5%, but operating margin slid back to 6.2% from 8.1%, due partly to the integration of Raab Karcher and partly to market conditions and the higher cost of raw materials for the Building Materials and Pipe Divisions.

Building Materials Distribution

Contribution to the Group	2000	1999	1998
As a % of sales	**28%**	18%	19%
As a % of operating income	**16%**	11%	11%
As a % of cash flow from operations	**12%**	10%	11%

Key consolidated data (In € millions/FF millions)	2000		1999		1998	
Sales	**7,929**	52,011	4,078	26,750	3,325	21,810
Operating income	**422**	2,768	252	1,653	193	1,263
Cash flow from operations	**309**	2,027	241	1,581	202	1,324
Capital expenditure	**229**	1,502	145	951	107	705

The Division lifted itself to a new scale in 2000 through the two major acquisitions of Meyer International in April and Raab Karcher in July, at a total cost of € 1,978 million. Building Materials Distribution sales jumped to € 7,929 million from € 4,078 million in 1999.

Excluding these acquisitions, sales were up 16.9%, particularly thanks to upbeat conditions in the French building industry.

The Division's distribution network now ensures excellent strategic coverage of the French renovation and maintenance market, which was boosted in 2000 by the French government's decision to reduce VAT on home renovation work done by building contractors. This market was also helped by demand for repair work in the wake of the two storms of December 1999.

The French building industry also saw a 6% increase in construction starts on private houses during the year. This market is dominated by independent professionals and small contractors who make up the bulk of Point P, La Plateforme and Lapeyre customers. Construction starts on apartment buildings, however, fell by 15.2%, in contrast to a strong increase in 1999 when there were temporary incentives for real estate investment (under the Périssol Act). Lastly, non-residential new construction grew by 15.1%.

The Division's improved sales performance in France also stemmed from market-share gains by all its banners. These were strengthened with store openings by Lapeyre/GME, added to the success of new carpentry installation services for private customers launched in 1998, and three new La Plateforme outlets, bringing the total number to eight, in France's key urban catchment areas.

Point P continued to expand through acquisitions. At the end of 2000, it ran nearly 1,100 outlets throughout France.

Outside France, sales on a comparable structure basis, which concern only the Lapeyre group, fell substantially, hit by the slump in the German building industry. Construction starts, which had been falling steadily in recent years in that country, dropped by a further 9% in 2000, of which 16.2% for residential housing. With much German production capacity turning towards the Polish market, prices were pushed down, eroding the good performance of Erg Okfens. Redeployment steps taken by Lapeyre, such as withdrawal from major construction projects in Germany and the closure of six outlets in Spain, also contributed to the drop in sales.

However, external growth was exceptionally strong in 2000.

Meyer International, most of whose building materials distribution business is conducted in the UK under the Jewson and Graham banners, contributed € 2,038 million to the Housing Products Sector over a nine-month period. It also operates in the United States in equipment rental and specialized distribution of melamine laminated products.

Over six months, Raab Karcher contributed € 1,122 million in sales, of which 71% were generated in Germany and the rest in the Netherlands, Poland, Hungary and the Czech Republic.

Jewson, leading British distributor of building materials, acquired with Meyer in February 2000.

Two other notable acquisitions, although modest, offer potential for future growth. Point P acquired the assets of Mercader in Spain and Lapeyre took over part of the Telhanorte network of stores in Brazil, which sell bathroom equipment to consumers.

Total operating income for Building Materials Distribution reached € 422 million in 2000 (5.3% of sales), up from € 252 million in 1999 (6.2% of sales).

The outlook for 2001 promises further strong growth. Sales will not only reflect over the full year the new scale of the Division, which had pro forma sales of nearly € 10 billion for 2000. Substantial organic growth of the new structure is also expected, based on market forecasts for Europe, the addition of new sales outlets and the momentum gained from the Division's new-found leadership position. Margins, which vary from one country to the next, are also expected to improve.

Building Materials

Contribution to the Group	**2000**	1999	1998
As a % of sales	**11%**	11%	13%
As a % of operating income	**9%**	12%	14%
As a % of cash flow from operations	**10%**	13%	14%

Key consolidated data (**In € millions**/FF millions)	**2000**		1999		1998	
Sales	**3,067**	20,118	2,625	17,219	2,233	14,648
Operating income	**252**	1,653	283	1,856	250	1,637
Cash flow from operations	**273**	1,791	306	2,007	267	1,752
Capital expenditure	**172**	1,128	159	1,043	135	886

Asphalt-covered roof shingles produced by Celotex, a U.S. company acquired in 2000.

Sales for 2000 amounted to € 3,067 million, compared with € 2,625 million in 1999, an increase of € 442 million or 16.8%.

Changes in structure had only a modest impact on sales. They mainly concerned the disposal of the Mexican and Colombian operations and acquisitions in roofing materials in 1999 and 2000 (GS Roofing and Celotex, for a total purchase price of € 155 million).

Sales figures were boosted by a favorable currency translation effect. On a like-for-like basis, growth amounted to € 99 million or 3.8%, mainly attributable to the Tiles and Bricks business and to Mortars. CertainTeed's sales, however, dipped slightly.

Operating income for 2000 came to € 252 million, or 8.2% of net sales against € 283 million (10.8%) in 1999, an 11% drop almost entirely due to conditions on the North American market. Rising raw materials prices, which could not be fully passed on to customers, severely dented margins in the Division's North American operations.

Vinyl and Roofing activities were particularly hard-hit by these costs in 2000—the average prices of asphalt and resin jumped by 36% and 50% respectively—and no substantial improvement in new construction is foreseen for 2001. The Roofing segment expects a further slight increase in the price of asphalt in 2001, while the Vinyl business forecasts a drop in the average cost of resin. The Division's key focus will therefore be on cost reduction and productivity gains.

The decline in the Division's sales volumes in the United States, which began in the second half of 2000, is likely to persist in the first half of 2001.

The outlook for 2001 in Europe is more favorable, even though the Tiles market is not expected to repeat its strong performance of 2000.

Pipe

Contribution to the Group	2000	1999	1998
As a % of sales	**6%**	7%	9%
As a % of operating income	**4%**	6%	11%
As a % of cash flow from operations	**5%**	6%	10%

Key consolidated data (In € millions/FF millions)	2000		1999		1998	
Sales	**1,778**	11,663	1,605	10,528	1,573	10,316
Operating income	**106**	695	129	846	197	1,290
Cash flow from operations	**120**	787	143	938	199	1,305
Capital expenditure	**67**	439	89	584	76	499

Sales reported by the Pipe Division amounted to € 1,778 million for 2000, up 10.8% on 1999. The increase was 5.6% on a comparable structure basis.

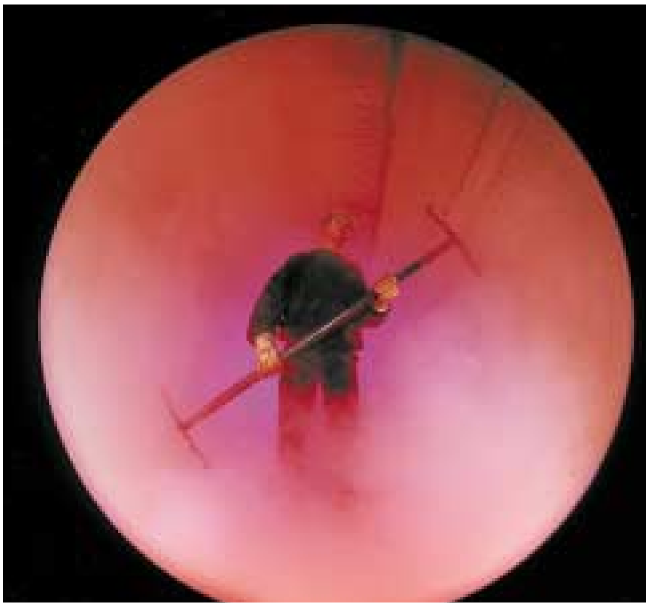
This includes a 15% gain in sales to distant export markets, explained largely by a strong recovery in the Middle East and the effect of oil-price increases begun in 1999. Stiff competition continued to put pressure on prices, especially for major Middle Eastern contracts.

In European markets, growth in sales continued in Southern European countries, driven by public investment in the water sector in Spain, and especially in Italy where drinking water and wastewater projects were subsidized by European Union funding. Business grew substantially in France with delivery of several major projects, the successful July launch of the new "Natural" pipe and connector range, and increased sales of supplies for roadworks thanks to a major sub-contracting project. Northern European markets, however, remained depressed. In the United Kingdom, the water piping systems business was still hampered by reductions in private water rates decided by regulatory bodies. This was partly offset by increased sales to the building industry by the British distribution subsidiary Saint-Gobain Pipe Systems. In Germany, Pipe Division sales were affected by the continued slump in the building sector and public works in 2000.

Sales in Brazil got a further 21% boost in 2000, but were still well below their pre-1999 level because of continued low investment by public water utilities.

The main changes in structure in 2000 concerned the four-month consolidation of the pipe and connector manufacturing and sales business acquired from the British Biwater group; the acquisition, in the field of public works pipes, of the distribution businesses of Leysser in Germany and Saniplast in Spain; and the full consolidation of the Finnish distribution company Saint-Gobain Pipe Systems. These external growth operations represented total expenditure of € 72.8 million.

The Pipe Division's operating income for the year came to € 106 million, down 17.8% on 1999. This represented operating margin of 6%, against 8% the previous year.



Testing of inner diameter on a DN 2000 pipe.

The main reasons for this downturn were:

- The reduced operating income of the Division's industrial subsidiaries in the United Kingdom, hampered in the domestic market by lower investment in the water sector, and in the export market by the strength of the pound.
- The higher cost of the main raw materials used by the Division (scrap metal, iron ore, coal and zinc strands).
- The impact of lower average sale prices in Europe and distant export markets, which partly cancelled out the positive effect of increased deliveries.
- The reduced operating income of the Distribution business, which was hindered by the difficulties of the British and German markets.

In 2000, the Division increased its production capacity in emerging countries, opening a new factory for connectors in Brazil early in the year. It also continued to build up output at the two pipe factories in China and Colombia which were commissioned in 1999.

The launch of the new "Natural" pipe range was a major development aimed to counter competition from other producers of cast-iron pipes and from other materials. This line of pipes and connectors for the small-diameter needs of the water supply sector replaces the company's previous range. Its zinc and aluminum coating offers exceptional rust-proofing even in the harshest environments. Already launched in France in 2000, the range will be gradually rolled out in other European markets.

The acquisition of Biwater in the U.K. in September 2000, and the closure of its production facility at the end of the year, along with continued rationalization of the factory in Gelsenkirchen, Germany, contributed to better use of the Division's manufacturing capacities. The ongoing efforts to boost productivity led to a 12% reduction in the industrial workforce over the course of 2000.

Stock Exchange information

At 29 December 2000, Saint-Gobain ranked twenty-third in France as regards market capitalization (€ 14,361 million or FF 94,202 million) and twenty-first as regards the volume of shares traded on the *Premier Marché* of the Paris Stock Exchange (Euroclear France SA code: 12 500), with an average of 331,626 shares traded daily in 2000. Saint-Gobain stock is also traded on the principal European stock exchanges of Frankfurt, London, Zurich (since 1987), Amsterdam, and Brussels (since 1988). It was de-listed from the Stockholm stock exchange in February 2001. The average transactions volume on these foreign markets was also large, notably on the London Stock Exchange. In addition, the Saint-Gobain share was included in the index of 50 European stocks ("DJ Euro Stoxx 50") up to March 20, 2000.

The Saint-Gobain share has formed part of the support shares on the traded options market of the Paris Stock Exchange (MONEP) and of the London Stock Exchange. The number of option transactions on the Paris Stock Exchange in Saint-Gobain shares was 804,325 lots in 2000, against 894,091 in 1999.

Highest and lowest share prices

(source:Euronext)

Year	High		Low		Year-end price	
	in €	in FF	in €	in FF	in €	in FF
1996	**116.62**	765	**81.87**	537	**111.90**	734
1997	**144.67**	949	**109.46**	718	**130.34**	855
1998	**182.48**	1,197	**99.70**	654	**120.28**	789
1999	**189.90**	1,246	**103.10**	676	**186.70**	1,225
2000	**195.70**	1,284	**116.50**	764	**167.30**	1,097

The other Group companies quoted on a stock exchange are Lapeyre in Paris, Saint-Gobain Cristalería in Madrid, Saint-Gobain Oberland in Frankfurt, Munich and Stuttgart; Saint-Gobain Canalização in Rio de Janeiro and São Paulo; Brasilit and Saint-Gobain Vidros SA in São Paulo.

Essilor International, which is also quoted on the first market of the Paris Stock Exchange, was fully consolidated in the Group's financial statements up to June 30, 2000, then was accounted for by the equity method up to November 15, 2000, at which date Compagnie de Saint-Gobain disposed of its entire stake in the company.

Dividends

Year	Number of shares remunerated	Income per share =		total income		Yield based on closing price for the year
		Dividend +	tax credit	in FF	in €	
1998	90,295,788 shares	20.99	10.50	31.49	**4.80**	3.99%
1999	87,236,750 shares	23.61	11.81	35.42	**5.40**	2.89%
2000	85,213,263 shares	28.21	14.10	42.31	**6.45**	3.86%

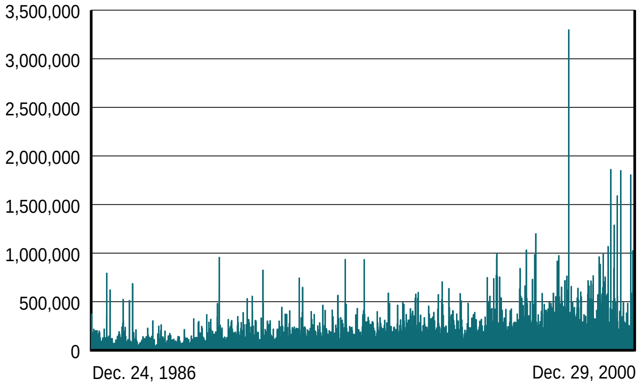
Dividends which are not claimed within five years of the date of payment become statute-barred and are then paid to the State.

Transactions since January 2000 (source:Euronext)

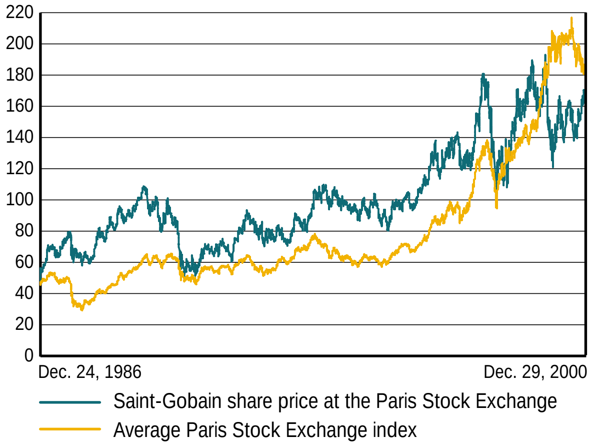
Paris Stock Exchange	Volume of shares	Market capitalization		High		Plus bas	
		in € thousands	in FF thousands	in €	in FF	in €	in FF
2000							
January	7,231,073	1,238,843	8,126,277	195.7	1,284	143.3	940
February	10,215,388	1,470,557	9,646,222	156.0	1,023	129.6	850
March	9,295,671	1,237,130	8,115,041	144.9	950	121.0	794
April	6,488,094	946,377	6,207,825	157.0	1,030	133.6	876
May	8,175,607	1,288,586	8,452,570	168.8	1,107	144.2	946
June	8,391,246	1,211,774	7,948,715	156.3	1,025	135.2	887
July	6,799,592	1,036,650	6,799,980	160.7	1,054	140.5	922
August	7,755,860	904,439	5,932,730	164.5	1,079	148.8	976
September	4,837,611	714,819	4,688,907	160.7	1,054	133.3	874
October	4,424,211	643,460	4,220,820	157.6	1,034	134.0	879
November	5,369,885	833,065	5,464,550	159.8	1,048	150.0	984
December	6,450,933	1,055,318	6,922,435	170.5	1,118	154.7	1,015
Total	**84,977,395**	**12,790,612**	**83,900,917**				
2001							
January	8,454,164	1,416,686	9,292,851	176.2	1.156	157.1	1,031
February	5,944,236	1,014,126	6,652,230	177.5	1.164	163.9	1,075
March (to 29)	6,541,606	1,069,030	7,012,377	180.0	1.181	143.0	938

Number of shares traded at the Paris Stock Exchange

(sources: in-house, based on data from Victoire Telematique's Telecote server)



Share price (in €)



(sources:London Stock Exchange)

London Stock Exchange	Volume of shares	In £ thousands
January	2,894,293	303,868
February	6,060,630	539,329
March	5,620,025	531,330
April	2,432,936	211,724
May	5,095,274	483,800
June	5,759,345	526,194
July	4,041,269	380,472
August	1,515, 839	147,780
September	4,220,289	350,853
October	1,212,408	103,319
November	1,922,073	177,645
December	2,561,690	255,354
Totaux	**44,236,071**	**4,012,626**

A total of 287,100 shares were traded on the Frankfurt Stock Exchange in 2000 (source: Datastream).

Non-voting participating securities

In June 1983, Compagnie de Saint-Gobain issued non-voting participating securities for FF 700 million with an attached warrant giving the right to subscribe to an additional FF 700 million of non-voting participating securities. In all, 1,288,299 securities of FF 1,000 have been issued. Their par value now stands at € 152.45 following the conversion into euros carried out in 1999.

Since their issue the remuneration of the non-voting securities in French francs has always reached the maximum permitted under the terms of the prospectus, that is 125% of the average rate of interest of bonds (TMO). Based on the 2000 results, the remuneration in 2001 should be at the same level. The remuneration is in fact fixed between 75% and 125% of TMO, based on the consolidated results of Saint-Gobain. The amount paid per security in 2000 in respect of the 1999 fiscal year was € 9.24.

Transactions since January 2000 (source:Euronext)

Paris Stock Exchange	Volume of shares	Market capitalization		High		Low	
		in € thousands	in FF thousands	in €	in FF	in €	in FF
January	2,122	354	2,322	172.9	1,134	163.0	1,069
February	4,634	778	5,103	171.2	1,123	165.0	1,082
March	2,577	434	2,847	173.8	1,140	166.0	1,089
April	2,830	480	3,149	174.4	1,144	167.5	1,099
May	1,248	214	1,404	174.4	1,144	169.8	1,114
June	3,824	653	4,283	174.5	1,145	170.0	1,115
July	2,208	367	2,407	174.0	1,141	162.0	1,063
August	6,203	989	6,487	164.0	1,076	155.8	1,022
September	3,267	579	3,798	163.0	1,069	157.0	1,030
October	15,579	2,478	16,255	163.0	1,069	158.5	1,040
November	2,605	418	2,742	162.0	1,063	158.5	1,040
December	6,855	1,087	7,130	161.0	1,056	157.2	1,031
Total	**54,312**	**8,831**	**57,928**				

In April 1984, non-voting participating securities amounting to ECU 100 million were issued together with a warrant giving the right to acquire an equivalent number of participating securities in ecus. In all, 194,633 securities of ECU 1,000 have been issued. Their par value is now € 1,000.

The remuneration of the non-voting participating securities in ecus comprises a fixed portion of 7.5% per annum applied to 60% of the par value of the security and a variable amount on the remaining 40 % based on the consolidated net income of the previous year within the limits set by the prospectus. The total remuneration varies in accordance with the consolidated net income between the average rate of interest on bonds (TMOE) less 0.50% and the TMOE plus 1.75%. The amount paid by security in 2000 was € 72.51, paid in two installments.

Transactions since January 2000 (source:Euronext)

Paris Stock Exchange	Volume of shares	Market capitalization		High		Low	
		in € thousands	in FF thousands	in €	in FF	in €	in FF
January	416	65	426	165.0	1,082	155.2	1,018
February	551	86	564	164.4	1,078	160.4	1,052
March	214	34	223	163.4	1,072	158.1	1,037
April	151	24	157	166.1	1,090	165.9	1,088
May	269	43	282	169.0	1,109	164.0	1,076
June	2,862	492	3,227	172.0	1,128	167.7	1,100
July	144	23	151	165.0	1,082	158.5	1,040
August	206	32	210	160.0	1,050	159.5	1,046
September	149	23	151	160.5	1,053	155.7	1,021
October	445	67	439	155.5	1,020	153.9	1,009
November	3,690	576	3,778	159.8	1,048	157.0	1,030
December	611	96	630	159.9	1,049	159.8	1,048
Total	**9,708**	**1,561**	**10,239**				

There are no other Compagnie de Saint-Gobain securities traded on a market other than shares and non-voting participating securities.

Shareholder information

The services of the Investor Relations Department are available to any person interested in the Group. This Department regularly issues its Letter to Shareholders, as well as its Shareholder's Handbook.

Saint-Gobain
Investor Relations Department
Les Miroirs
F - 92096 La Défense Cedex
Toll-free number (France): 0800 32 33 33

An e-mail address has also been set up for shareholders:

shareholders@saint-gobain.com

In 2000, Compagnie de Saint-Gobain organized informal meetings with its shareholders in Lille in April and in Strasbourg in October and took part for the fifteenth consecutive year in the *Journées Investir* events in March and September in Reims and Tours respectively. The Company was also represented at the first *Actionaria* exhibition in Lyon in September and at the third such event in Paris in November. In addition to the two annual meetings with analysts and journalists held in January and July at the time of the publication of estimated results, other information meetings were also held during the year in Paris and other French cities, as well as in the various other European centers where the Company's shares are listed and in the USA, Canada and Japan.

For the fifth consecutive year, Saint-Gobain's General Meeting of Shareholders received an award from the French financial weekly *Le Revenu:* the meeting of June 29, 2000 obtained the Bronze Award for Best Shareholders' Meeting. Further, as part of the Crystal Awards ceremony organized each year for listed companies by the French statutory auditors' association (CNCC) in partnership with Investir magazine and Ecocom, a communications company, Compagnie de Saint-Gobain was honored with the "segment information award" in financial communication. Lastly, in December 2000 Déminor, a consulting firm specialized in corporate governance issues, gave its "Board structure" award to Copagnie de Saint-Gobain.

A Minitel service 3615 code GOBAIN (FF 1.01/min), (a videotext system operated by France Telecom) is available to shareholders, financial analysts, stockbroking firms, portfolio managers or individuals. This provides current information regarding the Group and the market price of its shares and allows for a dialog with the Department.

Compagnie de Saint-Gobain has a web site offering information on the Group and its activities. Its address is:

www.saint-gobain.com

Compagnie de Saint-Gobain also makes available to its shareholders, through BNP Paribas, complementary services to improve the administration of their fully registered shares. For further information, contact the Investor Relations Department at Compagnie de Saint-Gobain or:

BNP Paribas
Les Collines de l'Arche
GIS - EMETTEURS
F-75450 PARIS CEDEX 09

Toll-free telephone (in France): 0 800 03 33 33
Toll-free fax (in France): 0 800 77 25 85

Shareholders

Capital stock

At December 31, 2000, the capital stock of Compagnie de Saint-Gobain amounted to € 1,363,412,208, breaking down into 85,213,263 fully paid up ordinary shares with a par value of € 16 each, compared to 87,236,750 shares at December 31, 1999. The decrease in the number of shares was due to the balance between the issue of 1,956,224 shares reserved for employees under the Group Savings Plan and the issue of 88,854 shares following the exercise of the same number of stock options(1) on the one hand and, on the other, the cancellation of 3,359,441 shares in June 2000 and 709,124 shares in November 2000.

At December 31, 2000, the main shareholders were, to the Board of Directors' knowledge, the following:

	Capital	Voting rights
Group Savings Plan	6.1%	8%
BNP Paribas Group	3%	5.5%
Vivendi Universal Group	1.6%	3%
AXA Group	1.7%	1.7%
Treasury stock	2.3%	–
Public	85.3%	81.8%
Total	**100%**	**100%**

The breakdown of ownership and voting rights has changed considerably since 1998. As a result of the policy of unwinding cross-shareholdings, Suez has not held any Saint-Gobain shares since that date, and Vivendi Universal has sharply reduced its stake in Saint-Gobain, which amounted to 6.3% of capital stock and 9.9% of voting rights in March 1998. In addition, the Group Savings Plan considerably increased both its ownership and its voting rights, from 2.8% and 3.5% respectively in 1997 to the figures shown above in 2000. Lastly, the company has added to the 1.5% of treasury stock further shares obtained through the share buyback program launched in early 1999.

No shareholders other than those above have disclosed holdings of over 5% of voting rights and there is no other treasury stock than that indicated in the same table. To the best of the Company's knowledge, there are no pacts concerning the share capital. The number of shareholders is estimated to be around 300,000.

At December 31, 2000, the number of voting rights was 90,501,980 for 85,213,263 shares. Given the 351,710 outstanding stock options(1) at that date and the absence of any other share equivalents, the potential capital assuming all rights were to be exercised would be made up of 85,564,973 shares.

The percentage of the share capital held personally by members of the Board of Directors is below 0.5%. The same applies to Group Management.

(1) Since 1997, these plans no longer involve subscription options on new shares but purchase options on existing shares held in treasury stock for this purpose.

Changes in capital in the last five years

	Capital	Number of shares	
5-96	FF 8,456,159,100	84,561,591	Group Savings Plan: issue of 1,020,743 shares (at FF 458)
9-96	FF 8,642,912,100	86,429,121	Stock dividend: issue of 1,867,530 shares (at FF 581)
12-96	FF 8,664,221,600	86,642,216	Subscription to 213,095 shares by the exercise of as many stock options
5-97	FF 8,737,321,300	87,373,213	Group Savings Plan: issue of 730,997 shares (at FF 620)
9-97	FF 8,905,542,000	89,055,420	Stock dividend: issue of 1,682,207 shares (at FF 723)
12-97	FF 8,922,681,300	89,226,813	Subscription to 171,393 shares by the exercise of as many stock options
5-98	FF 9,019,220,500	90,192,205	Group Savings Plan: issue of 965,392 shares (at FF 666)
12-98	FF 9,029,578,800	90,295,788	Subscription to 103,583 shares by the exercise of as many stock options
6-99	€ 1,307,722,916	85,781,000	Cancellation of 4,514,788 shares
6-99	€ 1,391,283,744	86,955,234	Group Savings Plan: issue of 1,174,234 shares (at € 97)
12-99	€ 1,395,788,000	87,236,750	Subscription to 281,516 shares by the exercise of as many stock options
6-00	€ 1,342,036,944	83,877,309	Cancellation of 3,359,441 shares
9-00	€ 1,373,336,528	85,833,533	Group Savings Plan: issue of 1,956,224 shares (at € 106)
11-00	€ 1,361 990,544	85,124,409	Cancellation of 709,124 shares
12-00	€ 1,363,412,208	85,213,263	Subscription to 88,854 shares by the exercise of as many stock options

Financial authorizations

Following resolutions adopted by shareholders at the Ordinary and Extraordinary General Meeting of June 24, 1999, the Board of Directors has been granted authority, until August 2001, to issue, if it deems it advisable, any type of shares or share equivalents. The authorizations given are for a maximum aggregate par value of € 760 million, and may involve a waiver of shareholders' preemptive subscription rights.

The same shareholders' meeting renewed for the same period the authority granted previously to the Board of Directors to grant share purchase options in a number not to exceed two percent of capital stock and to cancel up to 5% of capital stock before June 2001 (this authorization was used in 2000).

Lastly, the Genral Meeting of June 29, 2000 renewed until August 2002 the authority granted previously to the Board of Directors to issue shares reserved for members of the Group

Savings Plan, up to a maximum aggregate par value of € 64 million, and also explicitly authorized the Board to increase capital stock as described above in the event of a takeover bid on the Company's shares, until the next Annual Shareholders' Meeting.

Group Savings Plan

The Group Savings Plan (PEG) is a key feature of the social contract within the Group. It represents an excellent means of including employees in the Company's successes and resulting profits.

In 2000, in addition to the previously implemented five-year and ten-year plans, the PEG included a new formula known as "Development 2000" with a lever effect that multiplies employees' initial investment (the maximum level of which is € 1,000). Over a five-year term, the Development 2000 plan guarantees a minimum annual yield or, in the event of a rise in the price of the Saint-Gobain share, benefits from this rise.

In 2000, the total amount of subscriptions to the PEG, across all plans, came to € 207 million, up 82% compared to 1999.

In France, over 65% of employees have subscribed to the PEG. Group employees in seventeen other European countries—Germany, Austria, Great Britain, Italy, Spain, Portugal, Switzerland, Belgium, Luxembourg, the Netherlands, the Czech Republic, Denmark, Finland, Sweden, Norway, Estonia and Poland now have access to the PEG.

At the end of December 2000, the Group Savings Plan held 6.1% of the Company's capital stock and 8% of its voting rights.

In January 2001, a new Group Savings Plan, offering the standard options of five- and ten-year terms, was launched. The total number of Saint-Gobain shares open for subscription is 1,500,000, however the Board of Directors may increase this number to serve all requests, up to a maximum of 4 million shares, as defined by the Ordinary and Extraordinary General Meeting of June 29, 2000. (See prospectus dated January 31, 2001 bearing COB approval no. 01-065).

Saint-Gobain stock option plan

Stock option plans have been approved by the Board of Directors every year since 1987; the plans for the years from 1987 to 1992 inclusive are now terminated, as the maximum term to exercise these options had been set at five years, or eight years in 1992.

Saint-Gobain stock option plans are decided by the Board of Directors following a review of proposals presented by the Appointments Committee, which in 2000 included Bernard Esambert, Chairman, as well as Jean-Louis Beffa(1), Jacques-Louis Lions and Bruno Roger.

(1) Jean-Louis Beffa resigned from the Appointments Committee on November 16, 2000. As from that date, the members of the committee have included Bernard Esambert, Chairman, Jacques-Louis Lions and Bruno Roger.

In addition to Group Management (10 persons), the options granted in November 2000 concerned three categories of recipients:

- Category A includes the Presidents of the Divisions, the General Delegates and Functional Directors who are part of the Group Coordination Committee (20 persons);
- Category B includes the main operations and functional managers of the Divisions and General Delegations (634 persons);
- Category C includes high-potential executives as well as managers or employees who have achieved superior performance (116 persons).

The total number of beneficiaries of the November 2000 plan was therefore 780, a 98% increase in relation to 1999. In each of the above categories, the number of options granted is individually tailored according to responsibilities handled and performance achieved. The total number of options granted in 2000 was 674,125, up 54% compared with 1999 and amounting to 0.79% of capital stock at December 31, 2000.

Since 1997, these plans no longer involve subscription options on new shares but purchase options on existing shares held in treasury stock for this purpose.

All discounts on the average share price for the period immediately preceding the date of grant of the options were discontinued in 1999: the exercise price was therefore set at 100% of this average price, i.e. € 150.89 for the November 2000 plan.

The main conditions set by the Board for the exercise of these options are the following:

- options must be exercised within ten years of the date of grant,
- the minimum period before the options vest is either three or five years,
- all rights to options are forfeited in the event of departure from the Group, unless expressly agreed otherwise by Group Management.

In addition, the Board of Directors has made the vesting of nearly 15% of the options granted in November 2000 conditional upon two performance criteria for the Saint-Gobain share price at the end of the minimum vesting period, in relation to the exercise price and to trends in the CAC 40 index.

Lastly, in accordance with an internal rule instituted by the Board of Directors in 1997, Group Management and Category A persons who are members of the Group Coordination Committee and benefit from stock options were required at the end of 2000, if they had more than three years' seniority in their current function, to own at least 500 registered Saint-Gobain shares and to increase their holdings by at least 100 shares per annum; Category B beneficiaries are required to own at least 100 registered shares at all times.

In accordance with recommendations issued by AFEP (French association of private-sector companies) and MEDEF (French business confederation) in January 2001, the Board of Directors specifies that it granted Jean-Louis Beffa, Chairman and Chief Executive Officer and Gian-Paolo Caccini, Chief Operating Officer, 50,000 and 25,000 Saint-Gobain stock options respectively at an exercise price of € 150.89, of which 30,000 and 15,000 can be exercised at the end of the minimum vesting period only subject to the dual performance condition outlined above. The minimum vesting period for all stock options granted to them has been set at three years, i.e. to November 2003. In addition, in 2000 Mr. Beffa exercised 38,500 options previously granted to him (at an exercise price of FF 562). Mr. Caccini did not exercise any options during the period. Lastly, Mr. Beffa held 150,000 unexercised vested options at the end of 2000. Of these options, 50,000 were exercisable at a price of FF 747, 55,000 at FF 775 and 45,000 at € 162.53.

The following table summarizes key data on unexpired stock option plans at December 31, 2000:

Date of Shareholders' Meeting	June 14, 1991 June 11, 1192	June 14, 1991 June 11, 1192	June 13, 1995	June 13, 1995	June 25, 1997	June 25, 1998	June 24, 1999	June 24, 1999
Date of Board of Directors' Meeting	Nov. 18, 1993	Sept. 15, 1994	Nov. 16, 1995	Nov. 21, 1996	Nov. 20, 1997	Nov. 19, 1998	Nov. 18, 1999	Nov. 16, 2000***
Nature of the option	subscription	subscription	subscription	subscription	purchase	purchase	purchase	purchase
Total number of shares which may be obtained	207,213*	210,775	208,790	303,690	296,865	321,995	437,725	674,125
of which:								
• number of shares that Group management may obtain **	71,400	78 700	83,800	121,200	137,600	137,000	134,500	202,600
• number of corporate officers concerned	15	15	14	20	19	19	19	20
Effective date of options	Nov. 18, 1995	Sept. 15, 1996	Nov. 16, 1997	Nov. 21, 1998	Nov. 20, 1999 or Nov. 20, 1992	Nov. 19, 2001 or Nov. 19, 2003	Nov. 18, 2002 or Nov. 18, 2004	Nov. 16, 2003 or Nov. 16, 2005
Expiration date	Nov. 17, 2001	Sept. 14, 2002	Nov. 15, 2003	Nov. 20, 2004	Nov. 19, 2005	Nov. 18, 2006	Nov. 17, 2009	Nov. 15, 2010
Subscription/Purchase price	FF 434.88*	FF 535	FF 460	FF 562	FF 747	FF 775	€ 162.53	€ 150.89
Discount on average share price	20%	20%	20%	20%	10%	5%	0%	0%
Number of options remaining at December 31, 2000	18,676	29,820	88,455	211,295	287,515	321,995	437,725	674,125

(*) Adjusted to reflect the increase in share capital in March 1994.
(**) The list of the 20 members of Group Management in 2000 is provided on page 57.
(***) In addition, a specific grant of 5,000 purchase options at an exercise price of € 132.43 was carried out on March 30, 2000.

The only subscription or purchase option plans on shares in Group companies, whether publicly traded or not, concern Poliet and companies of the Lapeyre group, whose last plans date back to 1995 and 1996 respectively.

Saint-Gobain share buybacks and cancellations

Since 1998, the Group has implemented a policy of gradually unwinding its cross-shareholdings. After having bought back from Vivendi 3 million Saint-Gobain shares and having sold back 4.7 million Vivendi shares in the course of transactions carried out on April 30, 1999, the Company disposed of a further 4 million Vivendi shares on February 16, 2000. At December 31, 2000, as a result of these transactions and the dilutive effect of the merger with Universal, Compagnie de Saint-Gobain holds only 1.14% of Vivendi Universal capital stock and 2.4% of voting rights.

Further, in the course of 2000, the Company bought back 2,494,342 of its own shares in accordance with the authorizations granted by the Ordinary and Extraordinary General Meetings of June 24, 1999 (prospectus dated June 9, 1999, bearing COB approval no. 99-575) and June 29, 2000 (prospectus dated June 8, 2000, bearing COB approval no. 00-1021).

In accordance with the authorization granted by the Ordinary and Extraordinary General Meeting of June 24, 1999, the Board of Directors cancelled 3,359,441 treasury shares on June 29, 2000 and a further 709,124 shares on November 20, 2000, giving a total of 4,068,565 Saint-Gobain shares cancelled in 2000.

Board of Directors-Officers

Compagnie de Saint-Gobain upholds the principles of corporate governance defined by the Committees chaired by Marc Viénot (of which Mr. Beffa was a member) and implements in full the recommendations that they have issued.

Board of Directors

The membership of the Board of Directors of Compagnie de Saint-Gobain is as follows[1]:

• Jean-Louis BEFFA
Chairman and Chief Executive Officer.
Jean-Louis Beffa, 59, is also Vice-Chairman of BNP Paribas, Director of Vivendi Universal, the Bruxelles Lambert Group and several Saint-Gobain Group subsidiaries. He owns 42,500 Saint-Gobain shares.
Les Miroirs - F-92096 La Défense Cedex

• Daniel BERNARD [2]
Chairman and Chief Executive Officer of Carrefour.
Daniel Bernard, 55, is also Director of Alcatel and of several subsidiaries of the Carrefour group. He owns 200 Saint-Gobain shares.
6 avenue Raymond Poincaré - F-75769 Paris Cedex 16

• Isabelle BOUILLOT
Chairwoman of the Management Board of CDC IXIS.
Isabelle Bouillot, 52, is also Director of La Poste, member of the Supervisory Board of Accor and Director of several companies of the Caisse des Dépôts group. She owns 300 Saint-Gobain shares.
56 rue de Lille - F-75007 Paris

• Rolf-E. BREUER
Chairman of the Management Board of Deutsche Bank AG.
Rolf-E. Breuer 63, of German nationality, is also Chairman of the Supervisory Board of Deutsche Börse AG, Deputy Chairman of the Supervisory Board of Siemens AG, Member of the Supervisory Boards of Deutsche Lufthansa AG, E.ON AG, Bertelsmann AG and Münchener Rückversicherungs-Gesellschaft AG, and Director of Landwirtschaftliche Rentenbank. He owns 1,129 Saint-Gobain shares.
Taunusanlage 12, D-60262 Frankfurt am Main (Germany)

• Bernard ESAMBERT
Vice-Chairman of the Supervisory Board of Lagardère Groupe.
Bernard Esambert, 66, is also Chairman of the Supervisory Board of Banque Arjil et Cie, Vice-President of Bolloré, Director of Hachette Filipacchi Medias and member of the Supervisory Board of Biomérieux-Pierre Fabre. He owns 1,050 Saint-Gobain shares.
31-32, quai de Dion-Bouton - F-92811 Puteaux Cedex

• Éric d'HAUTEFEUILLE [3]
Advisor to the Chairman of Compagnie de Saint-Gobain.
Eric d'Hautefeuille, 61, is also Director of Gaz de France and of several Saint-Gobain Group subsidiaries. He owns 1,000 Saint-Gobain shares.
Les Miroirs - F-92096 La Défense Cedex

• José-Luis LEAL MALDONADO
Chairman of the Spanish Banking Association.
José-Luis Leal Maldonado, 61, of Spanish nationality, is also Director of Saint-Gobain Cristalería, CEPSA, Alcatel España, FASA Renault and a member of Accenture's European Advisory Committee. He owns 1,000 Saint-Gobain shares.
C/Velasquez, 64-6e E-28001 Madrid (Spain)

• Jacques-Louis LIONS
Professor at the Collège de France, former President of the French Academy of Sciences.
Jacques-Louis Lions, 72, is also Director of Pechiney, Thomson Multimedia and Dassault Systèmes. He owns 227 Saint-Gobain shares.
3 rue d'Ulm - F-75231 Paris Cedex 05

• Jean-Maurice MALOT
President of the Saint-Gobain Employees' and Former Employees' Shareholders' Association and of the Supervisory Board of the Group Savings Plan Mutual Funds.
Jean-Maurice Malot, 61, is also Chairman of Sivaq SA. He owns 200 Saint-Gobain shares.
Les Miroirs - F-92096 La Défense Cedex

• Jean-Marie MESSIER
Chairman and Chief Executive Officer of Vivendi Universal.
Jean-Marie Messier, 44, is also Chairman of the Supervisory Board of the Canal+ group and Director of Cegetel, LVMH, UGC, BNP Paribas and Alcatel. He owns 205 Saint-Gobain shares.
42, avenue de Friedland - F-75008 Paris

(1) At March 1, 2001. For each Director the most significant directorships and positions in other companies at the same date are listed.
(2) Since June 29, 2000.
(3) Director and Chief Operating Officer up to August 31, 2000.

• Gérard MESTRALLET
Chairman of the Management Board of Suez Lyonnaise des Eaux.
Gérard Mestrallet, 51, is also Chairman of the Board of Tractebel, Member of the Supervisory Boards of Axa, Casino, Crédit Agricole Indosuez and Société du Louvre, and Director of Sagem SA. He owns 210 Saint-Gobain shares.
16 rue de la Ville-l'Evêque - F-75008 Paris

• Michel PÉBEREAU
Chairman and Chief Executive Officer of BNP Paribas.
Michel Pébereau, 59, is also Director of Lafarge and TotalFinaElf, Member of the Supervisory Boards of Axa, Galeries Lafayette and Dresdner Bank, and permanent representative of BNP Paribas on the Board of Directors of Renault. He owns 205 Saint-Gobain shares.
3 rue d'Antin – F-75002 Paris

• Bruno ROGER
Member of the Executive Committee of Lazard and Senior Manager of Lazard Paris.
Bruno Roger, 67, is also Chairman and Chief Executive Officer of Azeo, Vice-Chairman of Eurafrance, Director of Cap Gemini Ernst & Young, Sofina and Thales, and Member of the Supervisory Boards of Axa and Pinault Printemps Redoute. He owns 12,010 Saint-Gobain shares.
121 Boulevard Haussmann – F-75008 Paris

Chief Operating Officer appointed by the Board of Directors: Gian Paolo CACCINI [4]

Secretary to the Board of Directors: Bernard FIELD, Corporate Secretary of Compagnie de Saint-Gobain.

Pierre FAURRE, Chairman and Chief Executive Officer of SAGEM SA, who had first been elected to the Board of Directors of Compagnie de Saint-Gobain in 1988, remained a Director until his death on February 6, 2001. The Chairman and the entire Board wish to pay a tribute to Pierre Faurre's remarkable contribution to the work of the Board of Directors, thanks to his constancy and command of the issues facing the Company.

Membership of the Board of Directors

In the Board of Directors
• Jean-Louis BEFFA and Eric d'HAUTEFEUILLE are the only Directors exercising functions in the Group;
• Jean-Maurice MALOT, Jean-Marie MESSIER, Michel PÉBEREAU and Bruno ROGER represent shareholders holding more than 0.5% of Compagnie de Saint-Gobain capital;
• Daniel BERNARD, Isabelle BOUILLOT, Rolf-E. BREUER, Bernard ESAMBERT, Pierre FAURRE, José-Luis LEAL MALDONADO, Jacques-Louis LIONS and Gérard MESTRALLET are independent Directors as defined in the Viénot Reports (with no capital or business interests with Compagnie de Saint-Gobain or Group companies, or any other relationship with them which could compromise their independence of judgment).

Acting upon a recommendation from the Appointments Committee, the Board of Directors appointed Jean-Martin FOLZ, Chairman of the Management Board of PSA, to replace Pierre Faurre following the latter's death. The Board of Directors will also recommend that the General Meeting of June 28, 2001 elect as a Director Paul A. DAVID, Professor of Economics at Stanford University and Professor of Economics and Economic History at the University of Oxford.

Jean-Martin FOLZ, 54, is a graduate of Ecole Polytechnique and Ecole des Mines engineering programs. After having held several civil service positions (1970-78), he ran the Rhône-Poulenc Polymers plant in Saint-Fons (1979), then was Senior Vice-President of Rhône-Poulenc Specialty Chemicals (1981), Chief Operating Officer then Chairman and CEO of Jeumont-Schneider (1984), CEO of Péchiney, Chairman of Carbone Lorraine (1987), CEO of Eridania Béghin-Say (1991) and Senior Vice-President, Automotive Division, of PSA Peugeot Citroën (1996).

Since 1997, Mr. Folz has been Chairman of the Management Board of PSA and Chairman of the Boards of Directors of Automobiles Citroën, Automobiles Peugeot, Banque PSA Finance and Peugeot Citroën Automobiles SA

He is also a Director of Faurecia, and holds 300 Saint-Gobain shares.

Paul A. DAVID, 66, a U.S. citizen, is Professor of Economics at Stanford University (USA), where he leads a research program on the economic impact of new technology and Professor of Economics and Economic History at the University of Oxford (United Kingdom).

Paul DAVID is of the leading contributors to contemporary economic history and one of the fathers of the theory of historical dependency. He is also specialized in the study of economic institutions and in the analysis of technological change, particularly with regard to information technology and networks.

Professor DAVID is the author of numerous books and publications, the most recent of which are the following: *The Economic Future in Historical Perspective* (collective, 2001), *Heart of Darkness: Modeling Public-private Funding Interactions Inside the R&D Black Box* (collective, 2000) and *Early Twentieth Century Productivity Growth Dynamics: an Inquiry into the Economic History of our Ignorance* (collective, 1999).

He does not hold any other directorship.

(4) As from September 1, 2000.

Renewal of the Board of Directors

The dates on which Directors were first elected are as follows:
• Jean-Louis BEFFA, Bernard ESAMBERT and Bruno ROGER: February 1987;
• Rolf-E. BREUER and Michel PÉBEREAU: June 1993;
• Jacques-Louis LIONS: September 1994
• Gérard MESTRALLET: November 1995;
• Jean-Maurice MALOT and Jean-Marie MESSIER: June 1997;
• Isabelle BOUILLOT and José-Luis LEAL MALDONADO: June 1998;
• Eric d'HAUTEFEUILLE: June 1999.
• Daniel BERNARD: June 2000;

The dates on which Directors' terms of office expire are as follows:
• Bernard ESAMBERT, Jean-Maurice MALOT, Jean-Marie MESSIER and Gérard MESTRALLET: 2003 Annual Meeting.
• Isabelle BOUILLOT, Jean-Louis BEFFA, José-Luis LEAL MALDONADO and Jacques-Louis LIONS: 2004 Annual Meeting.
• Rolf-E. BREUER, Eric d'HAUTEFEUILLE, Michel PÉBEREAU and Bruno ROGER: 2005 Annual Meeting.
• Daniel BERNARD: 2006 Annual Meeting.

Meeting of the Board of Directors

The Board of Directors held seven meetings during the 2000 fiscal year. These meetings were all attended by at least 11 Directors, the total number of serving Directors being 13 in the first half and 14 in the second half.

Work of the Board of Directors

In line with the recommendations contained in the Viénot reports, in 2000 the Board reviewed its membership, its structure and working processes. Acting upon a recommendation from the Appointments Committee it retained a specialized consultant for outside assistance with this assessment. The Board reviewed the consultant's post-engagement findings at its meeting of March 30, 2000 and came to a certain number of decisions on July 27, 2000, particularly concerning the sending of permanent information updates to Directors as well as specific information prior to Board meetings.

Board of Directors' committees

Financial Statements Committee

• Michel PÉBEREAU, Chairman,
• Isabelle BOUILLOT,
• *Pierre FAURRE †*

The Committee met four times in 2000. All members of the Committee were in attendance at all meetings.

At each of these meetings, the Committee reviewed issues with Group Management, Finance Management and the statutory auditors.

Firstly, the Committee examined in detail prior to the Board meetings the estimated consolidated financial statements (January), the parent company's accounts and the annual consolidated financial statements (March) and the estimated and final interim consolidated financial statements (July and September, respectively).

At each meeting, a summary of the main points brought up by the statutory auditors with Finance Management during the preparation of the financial statements was reviewed in the presence of the statutory auditors.

In addition, the Committee reviewed the budget for 2000 and considered several issues related to accounting standards and to the results of the year 2000 changeover project. It also requested from PricewaterhouseCoopers the breakdown of its fees between auditing of the financial statements and other services. It also reviewed the report on the operations of the Treasury and Financing Department for the year ended December 31, 1999 and the findings of the internal audit review of the Treasury Department, as well as the activity report of the Internal Audit Department for 1999 and for the first half of 2000.

The Committee presented its work to the Board of Directors at meetings held on January 27, March 30, July 27 and September 21, 2000.

Appointments Committee(1)

• Bernard ESAMBERT, Chairman,
• Jacques-Louis LIONS,
• Bruno ROGER.

The Committee met three times in 2000. All members of the Committee were in attendance, except for one meeting in which three out of the four were present.

During these meetings, the Committee reviewed Saint-Gobain's stock options policy(2) and finalized its recommendations to the Board of Directors concerning the number of beneficiaries and their breakdown, as well as the conditions for exercising the options and the performance conditions that some of these options should be subject to. Prior to presenting them to the Board, the Committee reviewed the proposed allocations of stock options based on the objectives as defined, and finalized its proposals for options to be granted to Group Management(3).

(1) Jean-Louis Beffa resigned from the Appointments Committee on November 16, 2000; he did not attend meetings when the Committee reviewed matters concerning him personally.

(2) Company policy on granting stock options and details of current stock option plans are presented on pages 51 and 52.

(3) See page 57.

In addition, the Committee examined the changes in Group Management as from September 1, 2000 and reviewed remuneration and other terms of employment concerning Messrs. Caccini and d'Hautefeuille.

Lastly, it addressed the issue of the possible succession of corporate officers, as recommended by the Viénot reports.

The Committee presented its conclusions to the Board of Directors at the meetings of July 27 and November 16, 2000.

Remuneration of Directors

The Ordinary and Extraordinary General Meeting of June 29, 2000 set the maximum annual amount of attendance fees payable to Directors at € 390 thousand.

The Board of Directors decided to allocate the amount according to the following rules:

- Neither the Chairman of the Company nor the Advisor to the Chairman receive attendance fees;
- Each of the other members of the Board of Directors is allocated an annual lump sum of € 15,250, to which is added € 1,525 for each meeting attended;
- In addition, each Director who is a Chairman or member of the Financial Statements Committee or Appointments Committee is allocated a lump sum of € 4,575 or € 1,525, to which is added € 1,525 for each Committee meeting attended.
- Payments are made in arrears at the end of each half year.

Attendance fees paid for the 2000 fiscal year amounted to € 310 thousand against € 260 thousand in 1999.

Attendance fees paid by the subsidiaries of Compagnie de Saint-Gobain to Directors representing the Group, particularly Group Management, are either transferred by the individual to the company which employs him or her, or are paid directly to the company.

For companies in which the Group has interests but which are not members of the Group, Director attendance fees paid to the Chairman of Compagnie de Saint-Gobain are fully repaid to the Company.

Remuneration of corporate officers

Remunerations of Group officers are set with a dual aim, on the one hand placing them on a par with remuneration levels in comparable industrial groups and on the other structuring them in a way that ensures that the personal work of these officers contributes to growth in the Group's results.

To define a remuneration structure meeting these two criteria, Group Management commissioned specialized consultants to produce specific studies.

Corporate officers' remunerations have for several years included a variable part which is directly linked to the officer's personal involvement in leading an organization. This principle is gradually being rolled out to all European countries which had not yet developed pay schemes taking into account quantifiable data such as return on assets (ROA) or the return on investment (ROI), as well as more qualitative objectives such as the development of a specific business line or the setting up of Group operations in a new country.

The remuneration of corporate officers is now clearly tied to management by objectives, requiring intense personal commitment on their part, with the possibility of significant changes in pay from one year to the next according to results.

The total direct and indirect remuneration received in 2000 from Group[(1)] companies by corporate officers, such as they are defined below, amounted to € 12.6 million (the amount for 1999 was € 11.7 million), of which the variable part represented € 5.2 million (€ 4.3 million in 1999).

In line with the recommendations issued by AFEP and MEDEF in January 2001, the Company wishes to specify that the gross fixed remuneration paid in 2000 to Mr. Beffa, Chairman and CEO and to Mr. Caccini, Chief Operating Officer, by Group companies[(1)] amounted respectively to € 710,370 (€ 708,990 in 1999) and € 383,540[(2)].Their variable remuneration was mainly linked to changes in earnings per share (on a consolidated basis and excluding capital gains on asset disposals and share buybacks) from one year to the next, and secondly to growth in the Company's dividend distributions in relation to the amount distributed the previous year.

The total gross amount which will be paid for the year 2000 by Group companies(1) comes to € 1,189,000 for Mr. Beffa (€ 998,900 for 1999) and € 838,500 for Mr. Caccini[(2)].

On a pro forma basis(3), all of the above remunerations represent net compensation of approximately € 797,000 for Mr. Beffa and € 513,000 for Mr. Caccini[(2)].

As stated above, Messrs. Beffa and Caccini do not receive any Director's attendance fees owing to their status as corporate officers of Group companies[(1)].

(1) Meaning all French and foreign companies either fully consolidated or accounted for by the equity method in the Group's financial statements.

(2) On an annualized basis (Mr. Caccini was appointed as a corporate officer as from September 1, 2000).

(3) Gross remuneration minus income tax and payroll charges, i.e. approximately 58% on a pro forma basis.

Group management

Executive management

Jean-Louis BEFFA (*)
Chairman and Chief Executive Officer

Gian-Paolo CACCINI (*)
Chief Operating Officer

Eric d'HAUTEFEUILLE (*)
Advisor to the Chairman

Philippe CROUZET (*)
Senior Vice-President

Emile FRANÇOIS
Senior Vice-President

Jean-François PHELIZON
Senior Vice-President

Claude PICOT
Senior Vice-President

Marc VAN OSSEL
Senior Vice-President

Bernard FIELD (*)
Corporate Secretary

(*) Members of the Executive Committee

Functional management

Jean-Claude LEHMANN
Vice-President Research

Benoît BAZIN
Vice-President Corporate Planning

Nicole GRISONI-BACHELIER
Vice-President External Relations

Presidents of the divisions

Jacques ASCHENBROICH
President, Flat Glass Division

Roberto CALIARI
President, Reinforcements Division

Pierre-André de CHALENDAR
President-Delegate, Building Materials Distribution Division for the United Kingdom and the United States

Gilles COLAS
President, Abrasives Division

Peter DACHOWSKI
President, Insulation Division

Martin ELLIS
President, Building Materials Division

Emile FRANCOIS
President, Building Materials Distribution Division

Gilles MICHEL
President, Ceramics & Plastics Division

Claude PICOT
President, Containers Division

Christian STREIFF
President, Pipe Division

General delegates

Olivier du BOUCHERON
General Delegate to Benelux

Jean-Claude BREFFORT
General Delegate
to Brazil and Argentina

Pierre-André de CHALENDAR
General Delegate
to the United Kingdom and Ireland

Thierry FULCONIS
General Delegate to Italy and Greece

Lars GRÄNSE
General Delegate to the Nordic countries and the Baltic States

Jean LARONZE
General Delegate to Poland

Anand MAHAJAN
General Delegate to India

Paul NEETESON
General Delegate to Germany and Central and Eastern Europe

Jean-François PHELIZON
General Delegate to the United States and Canada

Guy ROLLI
General Delegate to Mexico, Venezuela and Colombia

Patrick ROUX-VAILLARD
General Delegate to the Asia-Pacific region

Pierre TRACOL
General Delegate to Spain, Portugal and Morocco

Statutory auditors of the company

The Statutory Auditors of the Company are:

- Befec – Price Waterhouse, member of Pricewaterhouse Coopers, 11 rue Margueritte, F-75017 Paris, represented by Mike Moralee and Christian Marcellin, reappointed on June 25, 1998 for a term of 6 years.
- Société d'Expertise Comptable Economique et Financière (SECEF), 3 rue de Turique, F-54000 Nancy, represented by Jacques Tenette, reappointed on June 29, 2000 for a term of 6 years.

Company bankers

- BNP Paribas
- Lazard Frères & Cie
- Crédit Commercial de France
- Crédit Lyonnais
- Société Générale
- Crédit Agricole Indosuez
- Caisse des Dépôts et Consignations
- CIC Paris
- Caisse Nationale de Crédit Agricole
- Caisse Centrale des Banques Populaires
- Morgan et Cie SA
- Banque Worms
- Crédit du Nord
- Banque Générale du Phénix
- Deutsche Bank AG
- Crédit Suisse First Boston
- Dresdner KB
- Banque Bruxelles Lambert
- Société Générale de Banque
- ABN Amro Bank
- Unicredito Italiano
- Enskilda Fondkommission
- Banque Degroof

Bylaws

Saint-Gobain is a French public company regulated by articles L210-1 and following of the new French Commercial Code, with its head office at Les Miroirs, 18, avenue d'Alsace, F-92400 Courbevoie. It is registered with the Nanterre corporate register under reference B542039532 (activity code APE 741J), Siret number: 54203953200040.

The Company's corporate purpose may be summarized as the carrying out and management in France and elsewhere of all industrial, business, financial, plant, equipment and property operations related to industrial and commercial activities, notably through its French and foreign subsidiaries and affiliated companies (Article 3 of the bylaws). The financial year of the company is from January 1 to December 31. The company's legal life expires on December 31, 2040 unless it is dissolved prior to this date or an extension is obtained.

The official documents concerning the company may be consulted at the head office, Les Miroirs, 18 avenue d'Alsace, F-92400 Courbevoie, Investor Relations Department.

Special clauses in the bylaws

These are summarized below:

Capital stock

The bylaws require the disclosure to the Company of each fractional direct or indirect holding of 0.50% of the capital or voting rights or any multiple of this percentage. The same obligation exists when a direct or indirect holding falls below one of these thresholds. The violation of this obligation can be sanctioned by the withdrawal of voting rights exceeding the undeclared fraction, for a period of two years from the date of disclosure of the undeclared holding, if one or more shareholders holding at least 3% of share capital or voting rights so request and this is included in the minutes of the Annual Meeting (Decisions of the AGMs held on June 23, 1988 and June 15, 1990).

Furthermore, the Company can request information relating to the composition of shareholdings and the owners of its shares in accordance with legislation and regulations in force.

Board of Directors

The company has a Board of Directors made up of at least three members and not more than fourteen.

Each Director must own at least two hundred Company shares. (Ordinary and Extraordinary General Meeting of June 24, 1999).

General Meetings

Any shareholder may attend a general meeting in person or by means of a representative subject to providing proof of identity and evidence of ownership of shares as indicated in the notice of meeting, at least five days before the date of the general meeting and in accordance with legal requirements concerning the attendance of shareholders at a general meeting. However the Board of Directors may decide to shorten or waive this mandatory lead time provided the change is applied to all shareholders equally.

A shareholder may only be represented by his/her spouse or by another shareholder. Legal entities which hold shares may be represented at meetings by their legal representatives or by any other person so designated by the legal representative.

The voting rights attached to each share belong to the beneficial owner at all shareholders' general meetings. Each shareholder has the right, without any limitation, to the number of votes attached to or represented by his shares.

Nevertheless the right to a double vote, in addition to that on other shares, is granted in respect of all fully paid up shares provided they have been registered for two years in the name of the same shareholder. In addition, when the capital is increased by the capitalization of reserves, profits or issue premiums, a right to a double vote is granted on issue to each bonus share distributed free of charge to a shareholder owning shares giving rise to this right (Decision of the AGM of February 27, 1987).

Any share converted into bearer form or whose ownership is transferred loses the right to a double vote. Nevertheless transfers resulting from an inheritance or from the liquidation of the joint estate of a husband and wife or donations inter vivos in respect of a husband, wife or parent entitled to share in the estate of an intestate, do not result in the loss of the right and do not interrupt the two-year period referred to in the previous paragraph.

Voting by mail is subject to the conditions and restrictions laid down in legal and regulatory provisions.

Appropriation of net income

An amount of at least 5% of net income, less losses of prior years if applicable, will be appropriated so as to set up the legal reserve required by law. This appropriation ceases to be obligatory when the legal reserve is 10% of the capital. Further appropriations must be made if the reserve falls below 10% of the capital.

The distributable profit is comprised of the net income for the year less losses of prior years and any amount to be appropriated to reserves as a result of legal or statutory requirements and increased by retained earnings.

From the distributable profit, the General meeting will appropriate successively:

1. Amounts judged appropriate by the Board of Directors to set up contingency or extraordinary reserves or to be carried forward to the following year;

2. From any remaining balance, the amount necessary to pay shareholders a preliminary dividend of 5% on their fully paid up and non-redeemed shares without however conferring a right, if the profit of a year does not permit such a distribution, to claim any such unpaid amounts in future years;

3. The amount available after such appropriations will be distributed to shareholders.

The General Meeting which approves the financial statements for the year has the power to grant to each shareholder, in respect of all or part of a dividend or an interim dividend to be distributed, the choice of payment in cash or in shares.

Regulated agreements entered into during the year

At its meeting of January 27, 2000, the Board of Directors authorized the following:

• the signature, particularly with BNP Paribas, of short- and long-term financing contracts, as well as subsidiary clauses to these contracts, to allow the acquisition by public tender of the British company Meyer International plc.
Directors concerned: Messrs. Beffa, Messier and Pébereau.

• the establishment of a fully-owned British subsidiary of the Company to launch the said public tender bid, and the signature of all contracts and agreements between the Company and this subsidiary to ensure the financing and the satisfactory conclusion of the tender bid.
Director concerned: Mr. d'Hautefeuille.

These agreements were entered into in April 2000.

At its meeting of July 27, 2000, the Board of Directors authorized the signature of an agreement between the Company and Mr. d'Hautefeuille concerning the resumption, as from September 1, 2000, of the latter's employment contract relative to his new function, as well as the recognition of his pension rights and various other provisions.

Directors concerned: Messrs. Beffa and d'Hautefeuille.

This agreement was signed on September 1, 2000.

Exeptional events and disputes

To the best of the company's knowledge, there are no exceptional events or disputes having occurred in the recent past or likely to have a material impact on the company's operations, results, financial position or assets.

Consolidated Financial Statements

Consolidated balance sheets at December 31

In millions of euros

ASSETS	Notes	2000	1999	1998
Goodwill	3	6,004	4,981	3,633
Other intangible assets, net	4	1,766	1,155	997
		7,770	6,136	4,630
Property, plant and equipment	5 and 6	21,938	20,255	15,613
Less accumulated depreciation	5 and 6	(11,825)	(11,037)	(8,659)
		10,113	9,218	6,954
Investments in equity investees	7	393	439	816
Investments, at cost	8	178	351	787
Marketable securities	9	310	367	613
Other non-current assets	10	766	398	233
		1,647	1,555	2,449
Non-current assets		**19,530**	**16,909**	**14,033**
Inventories	11	4,752	4,153	3,053
Trade accounts receivable, net	12	4,643	4,201	2,842
Other accounts receivable	13	1,161	1,042	695
Short-term loans	21	139	238	479
Marketable securities	9	530	644	647
Cash and cash equivalents	21	666	729	433
Current assets		**11,891**	**11,007**	**8,149**
TOTAL ASSETS		**31,421**	**27,916**	**22,182**

In millions of euros

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2000	1999	1998
Share capital				
(€ 16 par value; 136,713,263 shares authorized; 2000: 85,213,263 shares issued and outstanding 1999: 87,236,750 and 1998: 90,295,788)		1,363	1,396	1,376
Additional paid-in capital		2,082	2,463	3,042
Retained earnings and net income for the year		7,948	6,656	5,708
Cumulative translation adjustments		(310)	(543)	(941)
Treasury stock	14	(182)	(434)	(415)
Shareholders' equity		**10,901**	**9,538**	**8,770**
Minority interests	15	823	1,613	1,154
Net equity of consolidated entities		**11,724**	**11,151**	**9,924**
Non-voting participating securities	16	391	391	391
Pensions and other post-retirement benefits	17	1,682	1,531	1,311
Deferred tax liability	18	709	328	275
Other liabilities	19	1,388	1,115	942
Long-term debt	21	4,999	4,139	2,897
Shareholders' equity and non-current liabilities		**20,893**	**18,655**	**15,740**
Trade accounts payable		3,378	3,024	2,098
Other payables and accrued expenses	20	2,597	2,459	1,797
Current portion of long-term debt	21	1,859	866	130
Short-term debt and bank overdrafts	21	2,694	2,912	2,417
Current liabilities		**10,528**	**9,261**	**6,442**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**31,421**	**27,916**	**22,182**

The accompanying notes are an integral part of the consolidated financial statements. For the year ended December 31, 1998, amounts in euros are translated from French francs using the official rate as of January 1, 1999 (see note 1).

Consolidated statements of income

In millions of euros

	Notes	2000	1999	1998
Net sales		28,815	22,952	17,821
Cost of sales		(20,669)	(16,101)	(13,248)
Gross margin		**8,146**	**6,851**	**4,573**
Selling, general and administrative expenses including research	23	(5,209)	(4,318)	(2,601)
Other operating costs	24	(244)	(219)	(196)
Operating income		**2,693**	**2,314**	**1,776**
Dividend income		24	26	58
Interest and other financial charges, net	25	(612)	(328)	(300)
Non-operating costs	26	(158)	(191)	(141)
Income before profit on sales of non-current assets and taxes		**1,947**	**1,821**	**1,393**
Profit on sales of non-current assets, net	27	584	457	394
Provision for income taxes	18	(791)	(775)	(589)
Net operating income from consolidated companies before amortization of goodwill		**1,740**	**1,503**	**1,198**
Amortization of goodwill		(182)	(142)	(102)
Net operating income from consolidated companies		**1,558**	**1,361**	**1,096**
Share in net results of equity investees	7	84	28	86
Net income before minority interests		**1,642**	**1,389**	**1,182**
Minority interests in consolidated companies	15	(125)	(163)	(85)
Net income		**1,517**	**1,226**	**1,097**
Earnings per share *(in euros)*				
Weighted average number of shares in issue		83,054,214	84,636,599	88,074,445
■ Income before tax and minority interests per share		29.29	25.57	20.11
■ Basic earnings per share		18.27	14.49	12.46
Weighted average number of shares assuming full dilution		83,356,426	84,851,597	88,395,557
■ Income before tax and minority interests per share		29.19	25.50	20.03
■ Diluted earnings per share		18.20	14.45	12.40
Number of shares in issue at December 31		85,213,263	87,236,750	90,295,788
■ Income before tax and minority interests per share		28.55	24.81	19.61
■ Earnings per share		17.80	14.05	12.15

The accompanying notes are an integral part of the consolidated financial statements. For the year ended December 31, 1998, amounts in euros are translated from French francs using the official rate as of January 1, 1999 (see note 1).

Statements of changes in shareholders' equity

	Number of shares		*In millions of euros*					
	Issued	Excluding treasury stock	Share Capital	Additional paid-in Capital	Retained earnings	Cumulative translation adjustments	Treasury stock	Shareholders' equity
Balance at December 31, 1997	**89,226,813**	**87,972,375**	**1,360**	**2,952**	**4,859**	**(687)**	**(70)**	**8,414**
Share capital issues								
■ Group savings plan	965,392	965,392	15	83				98
■ Stock option plans	103,583	103,583	1	7				8
Net income for 1998					1,097			1,097
Dividends paid (per share: € 2.82)					(248)			(248)
Translation adjustments						(254)		(254)
Treasury stock purchases		(2,300,000)					(345)	(345)
Balance at December 31, 1998	**90,295,788**	**86,741,350**	**1,376**	**3,042**	**5,708**	**(941)**	**(415)**	**8,770**
Share capital issues								
■ Group savings plan	1,174,234	1,174,234	19	95				114
■ Stock option plans	281,516	281,516	5	17				22
■ Par value fixed at €16			65	(65)				0
Net income for 1999					1,226			1,226
Dividends paid (per share: € 3.20)					(278)			(278)
Translation adjustments						398		398
Treasury stock purchases		(4,544,000)					(714)	(714)
Treasury stock canceled	(4,514,788)		(69)	(626)			695	0
Treasury stock sold		5,700					-	0
Balance at December 31, 1999	**87,236,750**	**83,658,800**	**1,396**	**2,463**	**6,656**	**(543)**	**(434)**	**9,538**
Share capital issues								
■ Group savings plan	1,956,224	1,956,224	31	175				206
■ Stock option plans	88,854	88,854	1	6				7
Net income for 2000					1,517			1,517
Dividends paid (per share: € 3.60)					(284)			(284)
Translation adjustments						233		233
Treasury stock purchases		(2,494,342)					(376)	(376)
Treasury stock canceled	(4,068,565)		(65)	(562)			627	0
Treasury stock sold		6,756					1	1
Change of method (pensions and postretirement benefit obligations)					59			59
Balance at December 31, 2000	**85,213,263**	**83,216,292**	**1,363**	**2,082**	**7,948**	**(310)**	**(182)**	**10,901**

At December 31, 2000, the number of shares making up Compagnie de Saint-Gobain's share capital totaled 85,213,263.
In accordance with the authorizations to increase the share capital granted by the Ordinary and Extraordinary Shareholders' Meetings of June 24, 1999 and June 29, 2000, the Board of Directors may issue, in one or several stages, up to 47,500,000 new shares with or without priority subscription rights for Compagnie de Saint-Gobain shareholders (Eleventh and Twelfth resolutions of the June 24, 1999 Meeting), as well as 4 million new shares reserved for members of the Group Savings Plan (Seventh resolution of the June 29, 2000 Meeting). If these authorizations were used in full by the Board of Directors, the number of shares making up Compagnie de Saint-Gobain's share capital could potentially be increased up to 136,713,263.
Translation adjustments at December 31, 2000 include a net amount of € 61 million in adjustments arising from the translation of the balance sheets of companies within the euro zone. These adjustments will be written off to the statement of income in the event that these companies are sold.
The accompanying notes are an integral part of the consolidated financial statements. For the year ended December 31, 1998, amounts in euros are translated from French francs using the official rate as of January 1, 1999 (see note 1).

Consolidated statement of cash flows for the years ended December 31,

In millions of euros

	2000	1999	1998
Net income	**1,517**	**1,226**	**1,097**
Minority interests	125	163	85
Excess of income of equity investees over dividends	(46)	(5)	(12)
Depreciation and amortization	1,631	1,433	1,136
(Gains) losses on sale of non-current assets	(584)	(457)	(394)
Cash flow from operations	**2,643**	**2,360**	**1,912**
(Increase) decrease in inventories	(224)	(93)	(174)
(Increase) decrease in trade accounts and other accounts receivable	40	(585)	(59)
Increase (decrease) in trade accounts payable, other payables and accrued expenses	(73)	345	79
Changes in income taxes payable and deferred taxes	141	26	14
Other	(115)	122	(48)
Net change in working capital	**(231)**	**(185)**	**(188)**
Cash flows from operating activities	**2,412**	**2,175**	**1,724**
Purchases of property, plant and equipment	(1,722)	(1,712)	(1,288)
Acquisitions of businesses in 2000: (2,913), in 1999 (1,528); in 1998: (1,158) net of cash acquired	(2,709)	(1,392)	(1,072)
Disposals of consolidated investments, net of cash	943	23	87
Disposals of investments at cost	497	871	1,043
Acquisitions of investments at cost	(59)	(239)	(573)
Disposals of fixed and intangible assets	105	112	25
Decrease (increase) in marketable securities	67	91	96
Other, net	114	(44)	(185)
Cash flows from investing/divestments activities	**(2,764)**	**(2,290)**	**(1,867)**
Issue of share capital	213	136	105
Minority interests' portion in common stock increases of subsidiaries	28	53	4
Purchases of treasury stock	(375)	(714)	(344)
Dividends paid	(284)	(278)	(248)
Dividends paid to minority shareholders of consolidated subsidiaries	(91)	(54)	(44)
Increase (decrease) in short-term loans	61	355	(78)
Increase in long-term debt	1,152	1,090	132
Increase (decrease) in bank overdrafts and other short-term debt	(425)	(192)	574
Cash flows from financing activities	**279**	**396**	**101**
Net effect of exchange rate changes on cash and cash equivalents	10	16	(5)
(Decrease) increase in cash and cash equivalents	**(63)**	**297**	**(47)**
Cash and cash equivalents at beginning of year	**729**	**432**	**479**
Cash and cash equivalents at end of year	**666**	**729**	**432**

The accompanying notes are an integral part of the consolidated financial statements. For the year ended December 31, 1998, amounts in euros are translated from French francs using the official rate as of January 1, 1999 (see note 1).

Notes to the consolidated financial statements

Note 1 – Accounting principles and policies

Basis of presentation

The consolidated financial statements of Compagnie de Saint-Gobain and subsidiaries (together "the Group") have been prepared in accordance with current French generally accepted accounting principles.

In the future, the Group may produce certain financial information according to accounting principles generally accepted in the United States of America (US GAAP). In order to ensure that financial information is presented as consistently as possible and facilitate future comparisons, effective from January 1, 2000, the Group has elected to determine pension and postretirement benefits obligations according to the projected unit credit method, which complies with US GAAP.

The effect of this change in method was a € 59 million increase in consolidated shareholders' equity at January 1, 2000.

The consolidated financial statements, which were presented in French francs prior to 1999, are now presented in euros. In 1998, the consolidated financial statements were initially prepared in French francs and then translated to euros using the official exchange rate of 6.55957 French francs per euro in place as of January 1, 1999.

The comparative consolidated financial statements restated in euros depict the same trends as would have been presented if the Group had continued to present the financial statements in French francs. Additionally, the comparability of the Group's consolidated financial statements with the financial statements of other companies, which were previously presented in French francs in 1998, is not affected. However, for periods prior to January 1, 1999, the Group's consolidated financial statements, as presented in euros, may not be comparable with the financial statements of other companies which are reporting in euros restated amounts from a different currency than the French franc.

The preparation of financial statements in conformity with French generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expense or income during the year. Actual results may differ from those estimates.

Principles of consolidation

The consolidated financial statements include the financial statements of Compagnie de Saint-Gobain and all significant, majority-owned subsidiaries and subsidiaries in which the Group holds, directly or indirectly, a controlling interest.

Companies that are jointly owned are proportionately consolidated.

Companies in which the Group exercises directly or indirectly a significant influence are included in consolidation using the equity method of accounting.

Investments in other companies, in which the Group does not exercise significant influence, are stated at cost. A provision is made where necessary to reduce the cost to estimated net realizable value.

The results of companies acquired or disposed of during the year are included in the consolidated statement of income for the period after the date of acquisition or before the date of disposal, respectively.

Significant changes in the Group's structure for the year ended December 31, 2000 are shown in note 2. A summary list of significant consolidated companies as of December 31, 2000 is shown in note 34.

All significant intercompany accounts and transactions are eliminated in consolidation.

Foreign currency transactions

Revenue and expense transactions in foreign currencies are recorded at the local currency equivalent at the date of the transaction. Receivables, payables and bank balances in foreign currencies are generally translated at the closing rate and the related exchange differences are recorded in the income statement.

Translation of foreign company financial statements

Balance sheet items are translated using year-end exchange rates.

Income and expenditure items are translated using average exchange rates ruling during each year.

The Group's share of any translation gains and losses less the related tax effect, where applicable, is included in Shareholders' Equity under the caption "Cumulative translation adjustments" until such time as the foreign investments to which they relate are sold or liquidated.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is amortized on a straight-line basis over its expected useful life for a period not exceeding 40 years.

Other intangible assets

Other intangible assets are represented by purchased goodwill, patents, trademarks, computer software, and debt issuance costs.

Trademarks, other than retail brands, are amortized on a straight-line basis over a period not exceeding 40 years. Retail brands are not amortized.

Patents and purchased computer software are amortized over their estimated useful lives. Patents are amortized over a period not exceeding 20 years. Purchased software is amortized over a period of 3 to 5 years.

Debt issuance costs incurred in connection with issuances of debt securities or other long-term borrowings are capitalized as an asset and amortized over the term of the debt.

Fixed assets

Property, plant and equipment are stated at cost except for the fixed assets of subsidiaries operating in highly inflationary countries which are revalued in accordance with the provisions of local laws.
Depreciation of fixed assets is based on the following estimated useful lives using the straight-line method.

Major factories and offices	40 years
Other buildings	15 - 25 years
Production machinery and equipment	5 - 16 years
Vehicles	4 years
Furniture, fixtures, office and computer equipment	4 - 16 years

Investment grants relating to acquisitions of fixed assets are deferred, recorded under "Other liabilities" and credited to income over the estimated useful lives of the relevant assets.
Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the determination of net income.

Evaluation of long-lived assets

The Group evaluates the carrying value of long-lived assets, including goodwill, intangible assets, and fixed assets. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such an asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using anticipated cash flows discounted at a rate commensurate with the risk involved.

Leases

Assets held under leases which transfer to the Group substantially all of the risks and rewards of ownership are capitalized as property, plant and equipment. The capitalized values of the assets are depreciated on a straight-line basis over the useful life of the assets. The corresponding liability is shown net of related interest in the balance sheet.
Operating lease rentals are charged to expense in the year to which the charge was incurred.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost of sales is principally determined using the weighted-average cost method, and in some cases, the First-In-First-Out method.

Financial instruments

The Group uses derivative financial instruments for the purpose of hedging currency and interest rate exposures that exist as part of ongoing business operations.

The main financial instruments used to hedge foreign exchange risks are forward purchase and sale contracts, swaps and options. Hedged receivables and payables are recorded in the balance sheet at the hedging rate. Unrealized gains or losses on currency options used to hedge the above positions are recorded in the income statement. Premiums paid or received on currency options are revalued at the year end. Unrealized losses on options covering an economic risk which is not specifically identified are recognized in the income statement, whereas unrealized gains are not taken into account.
Interest rate swaps, interest rate swaptions, caps, floors and forward rate agreements are used to hedge against increases in interest rates. Income and expenses related to interest-rate swaps are recognized on a symmetrical basis with the income and expense on the hedged items. Interest-rate option premiums are amortized on a straight-line basis over the shorter of the two periods, between the purchase and maturity of the option or the purchase and maturity of the underlying item.

Marketable securities

Marketable securities consist of trade investments, shares in mutual funds and short-term investments. They are recorded at the lower of cost and market.

Cash and cash equivalents

Cash consists of cash on hand and balances with banks.

Pensions and postretirement benefits

After retirement the Group's former employees receive pensions in accordance with applicable laws and customs in the respective countries in which the Group operates. There are additional pension obligations in certain French and foreign Group companies.
In France, employees receive indemnities on retirement based on past service and other terms in accordance with the respective collective bargaining agreements.
The Group's obligations with respect to pensions and retirement indemnities are determined using an actuarial method based on projected salaries to the end of employment (the projected unit credit method) taking into account economic conditions specific to each country. These obligations are covered by retirement funds and provisions recorded in the balance sheet. Effective from January 1, 2000, the method adopted is in accordance with the accounting principles generally accepted in the United States of America.
In the United States of America, Spain and Germany, the Group's pensioners receive benefits other than pensions, mainly concerning health care. The Group's obligations in this respect are determined using an actuarial method and are covered by a provision recorded in the balance sheet.
In addition, in the United States of America, certain benefits such as income support and health care may be granted to former employees before their retirement. The present value of these obligations is determined using rates applied for pensions and is covered by a provision recorded in the balance sheet.

Negative shareholders' equity

When shareholders' equity of a consolidated subsidiary is negative at the end of the financial period, the minorities' share of shareholders' equity is expensed by the Group unless the third parties have a specific obligation to contribute their share of losses. If future earnings materialize, the majority interest is credited for all of those earnings up to the amount of those losses previously absorbed.

Revenue recognition

Revenue from sales of products or services is recognized when the risks and rewards of ownership are transferred to the customer or following delivery of the service, net of sales taxes and discounts. The liability for incurred warranty claims is accrued when it is determined that a liability exists and that payment is probable.

Research and development expenses

Research and development costs are expensed as incurred and recorded in selling, general and administrative expenses.

Interest charges

All interest charges are expensed as incurred except for charges incurred during the construction of significant fixed assets, which are capitalized and included in the construction cost of the related fixed assets.

Provision for income tax

Under an agreement with the French tax authorities, Compagnie de Saint-Gobain is assessed for income tax purposes on its consolidated fiscal income. The amounts payable or receivable by Compagnie de Saint-Gobain resulting from the application of the agreement are included in other accounts receivable and other payables.
Deferred tax assets and liabilities are based on temporary differences between the values of assets and liabilities recorded in the financial statements and those used for tax purposes. Tax rates applicable to future periods are used to calculate year-end deferred income tax amounts.
A valuation allowance is recorded against deferred tax assets resulting from net operating losses and deductible temporary differences when their future realization is not likely. Under the worldwide tax regime, the valuation allowance is assessed at the tax group level for companies included in the tax consolidation and at the individual tax entity level for companies not included in the tax consolidation.
No provision is made in respect of earnings of subsidiaries that are not intended to be distributed.
In accordance with section 3150 of CRC regulation 99-02, deferred taxes have not been discounted.
A deferred tax liability is recorded on retail brands valued in the consolidated financial statements, even when they cannot be sold separately from the company being acquired. In view of the Group's expectations with regard to future developments, it has been decided to retain the same method used prior to the adoption of CRC regulation 99-02.
The amount of deferred tax assets recorded for retail brands appears in note 18.

Advertising costs

Advertising costs are expensed as incurred.

Earnings per share

The Group discloses earnings per share, based on net income and based on income before tax and minority interests.
Earnings per share are calculated by dividing earnings by the average number of shares in issue during the period, after deduction of treasury stock.
Diluted earnings per share are calculated by including in the average number of shares the conversion of all dilutive share equivalents in issue.
The Group also discloses earnings per share calculated by dividing earnings by the number of shares in issue at the end of the fiscal year.

Reclassification and supplementary information

Certain amounts in the accompanying 1998 financial statements have been reclassified from previously issued financial statements to conform to the 1999 presentation.

Note 2 - Changes in the composition of the consolidated Group

The UK-based Meyer Group (renamed Saint-Gobain Building Distribution) and the German–based Raab Karcher Group have been fully consolidated as from April 1, 2000 and July 1, 2000 respectively.

The income statement for Essilor was fully consolidated through June 30, 2000 and accounted for by the equity method beginning on July 1, 2000 until the date of sale of the business. The change of consolidated method was decided because the Group held less than 40% of voting rights after the end of June, 2000.

At December 31, 2000 the effect of the changes in the composition of the consolidated Group on balance sheet captions is as follows:

In millions of euros

	Acquisitions	Disposals	Total
Non-current assets	3,676	(1,231)	2,445
Inventories, trade and other accounts receivable	1,699	(888)	811
Net equity	11	490	501
Provisions	(662)	(90)	(752)
Payables, debt and overdrafts	(2,015)	776	(1,239)
Cash and cash equivalents	204	(56)	148
Total acquisitions and disposals	2,913	(999)	1,914
Cash and cash equivalents	(204)	56	(148)
Cash flows	2,709	(943)	1,766

The following pro forma statements of income for 2000 and 1999 have been prepared as if Essilor had been accounted for by the equity method over the past two years:

In millions of euros

	2000 pro forma	1999 pro forma
Net sales	27,837	21,290
Cost of sales	(20,268)	(15,387)
Gross margin	7,569	5,903
Selling, general and administrative expenses including research	(4,765)	(3,603)
Other operating costs	(241)	(215)
Operating income	2,563	2,085
Dividend income	24	26
Interest and other financial charges, net	(594)	(298)
Non-operating costs	(157)	(185)
Income before profit on sales of non-current assets and taxes	1,836	1,628
Profit on sales of non-current assets, net	584	457
Provision for income tax	(758)	(725)
Net operating income from consolidated companies before amortization of goodwill	1,662	1,360
Amortization of goodwill	(171)	(122)
Net operating income from consolidated companies	1,491	1,238
Share in net results of equity investees	103	67
Net income before minority interests	1,594	1,305
Minority interests in consolidated companies	(77)	(79)
Net income	1,517	1,226
Earnings per share *(in euros)*		
Weighted average number of shares in issue	83,054,214	84,636,599
■ Income before tax and minority interests per share	28.32	23.98
■ Basic earnings per share	18.27	14.49
Weighted average number of shares assuming full dilution	83,356,426	84,851,597
■ Income before tax and minority interests per share	28.22	23.92
■ Diluted earnings per share	18.20	14.45
Number of shares in issue at December 31	85,213,263	87,236,750
■ Income before tax and minority interests per share	27.60	23.27
■ Earnings per share	17.80	14.05

Note 3 - Goodwill

In millions of euros

	2000	1999	1998
Net book value at January 1	4,981	3,633	3,128
Acquisitions	1,623	1,122	702
Exchange rate fluctuations and changes in the composition of the Group	(412)	368	(93)
Amortization of the year	(188)	(142)	(104)
Net book value at December 31	6,004	4,981	3,633

In 2000, changes in goodwill mainly related to the sale of Essilor and to the consolidation for the first time of the Meyer Group–renamed Saint-Gobain Building Distribution–(acquisition price of € 1,783 million and goodwill of € 778 million), the Raab Karcher Group (acquisition price of € 195 million and goodwill of € 110 million), Chemfab (acquisition price of € 190 million and goodwill of € 84 million) and Holz Precision (acquisition price of € 109 million and goodwill of € 69 million).
In 1999, the increase in goodwill mainly related to the acquisition of Furon and Schalker Verein, and the consolidation for the first time of Essilor subsidiaries and of the small flat glass processing subsidiaries.
In 1998, the increase in goodwill mainly related to the acquisition of Calmar Inc., Vertex, Flexovit International, Hankuk Vetrotex, Oliver Ashworth, Lapeyre Germany, Point P, and Weber & Broutin Germany and Turkey.

Note 4 – Other intangible assets, net

The change in other intangible assets is summarized below:

In millions of euros

	2000	1999	1998
At January 1	1,155	997	932
Additions and changes in composition of the Group	844	195	129
Disposals	(144)	(8)	(4)
Exchange rate fluctuations	(10)	34	(14)
Amortization for the year	(79)	(63)	(46)
At December 31	1,766	1,155	997

Intangible assets break down as follows:

In millions of euros

December 31,	2000	1999	1998
Gross value			
Purchased goodwill	74	106	81
Patents	183	212	107
Retail brands	1,344	672	672
Computer software	227	172	114
Other	355	354	265
Other intangible assets - gross value	2,183	1,516	1,239
Amortization and provisions			
Purchased goodwill	(36)	(32)	(15)
Patents	(119)	(113)	(77)
Computer software	(123)	(95)	(66)
Other	(139)	(121)	(84)
Total amortization and provisions	(417)	(361)	(242)
Other intangible assets - net	1,766	1,155	997

Because their fair value is at least equal to cost, retail brands do not require an allowance for impairment in value.
Changes in retail brands reflect the acquisition of the Meyer Group (renamed Saint-Gobain Building Distribution) and Raab Karcher. Part of the difference between the cost of shares in these companies and the Group's equity in the underlying net assets corresponded to the value of their retail brands.

Note 5 – Property, plant and equipment

2000 *In millions of euros*

	December 31, 1999	Changes in the composition of the Group	Additions	Disposals	Transfers	Translation adjustments	Depreciation charge	December 31, 2000
Gross value:								
Land	970	245	32	(29)	16	2	–	1,236
Buildings	4,442	485	191	(86)	104	63	–	5,199
Machinery and equipment	13,873	(312)	834	(513)	522	267	–	14,671
Construction in progress	970	(166)	665	(23)	(642)	28	–	832
Total gross value	20,255	252	1,722	(651)	0	360	–	21,938
Depreciation:								
Land	(61)	(7)	–	4		–	(9)	(73)
Buildings	(2,087)	(8)	–	49		(19)	(214)	(2,279)
Machinery and equipment	(8,848)	224	–	427		(110)	(1,147)	(9,454)
Construction in progress	(41)	22	–	–	0	–	0	(19)
Total depreciation	(11,037)	231	–	480	0	(129)	(1,370)	(11,825)
Net book value	9,218	483	1,722	(171)	0	231	(1,370)	10,113

1999 *In millions of euros*

	December 31, 1998	Changes in the composition of the Group	Additions	Disposals	Transfers	Translation adjustments	Depreciation charge	December 31, 1999
Gross value:								
Land	777	123	36	(10)	6	38	–	970
Buildings	3,532	623	138	(49)	74	124	–	4,442
Machinery and equipment	10,623	2,172	727	(551)	406	496	–	13,873
Construction in progress	681	(75)	811	(8)	(486)	47	–	970
Total gross value	15,613	2,843	1,712	(618)	0	705	–	20,255
Depreciation:								
Land	(46)	(10)	–	2	0	0	(7)	(61)
Buildings	(1,626)	(273)	–	28	1	(33)	(184)	(2,087)
Machinery and equipment	(6,946)	(1,061)	–	382	(1)	(185)	(1,037)	(8,848)
Construction in progress	(41)	0	–	0	0	0	0	(41)
Total depreciation	(8,659)	(1,344)	–	412	0	(218)	(1,228)	(11,037)
Net book value	6,954	1,499	1,712	(206)	0	487	(1,228)	9,218

1998 *In millions of euros*

	December 31, 1997	Changes in the composition of the Group	Additions	Disposals	Transfers	Translation adjustments	Depreciation charge	December 31, 1998
Gross value:								
Land	722	47	34	(13)	0	(13)	–	777
Buildings	3,272	162	111	(34)	110	(89)	–	3,532
Machinery and equipment	9,771	431	591	(283)	441	(328)	–	10,623
Construction in progress	679	58	552	(29)	(551)	(28)	–	681
Total assets	14,444	698	1,288	(359)	0	(458)	–	15,613
Depreciation:								
Land	(51)	(3)	–	1	–	1	6	(46)
Buildings	(1,497)	(24)	–	20	–	30	(155)	(1,626)
Machinery and equipment	(6,392)	(178)	–	252	–	196	(824)	(6,946)
Construction in progress	(30)	0	–	4	–	0	(15)	(41)
Total depreciation	(7,970)	(205)	–	277	0	227	(988)	(8,659)
Net book value	6,474	493	1,288	(82)	0	(231)	(988)	6,954

As an industrial group, the Group does not have a significant non-operating property portfolio, except for its head office building. Property, plant, and equipment include the following amounts for capital leases:

In millions of euros

December 31,	2000	1999	1998
Gross value:			
Land and buildings	173	183	159
Machinery and equipment	47	36	30
Total assets under capital leases - gross	220	219	189
Less: accumulated depreciation	(93)	(85)	(58)
Net book value	127	134	131

The depreciation and amortization charge is as follows:

In millions of euros

	2000	1999	1998
Other intangible assets (note 4)	79	63	46
Goodwill	182	142	102
Property, plant and equipment [(1)]	1,370	1,228	988
Total depreciation and amortization	1,631	1,433	1,136
(1) Included in cost of sales	1,275	1,067	876

In 2000, the Group recorded a charge of € 64 million for the write-down of certain goodwill to net realizable value based on estimated future discounted cash flows.

In 1999 the Group recorded a charge of € 45 million for the write-down of certain assets to net realizable value based on estimated future discounted cash flows.

Note 6 – Leases

Capital leases

Future minimum commitments for capital leases are as follows:

In millions of euros

Capital leases	Future lease
2001	21
2002	19
2003	18
2004	16
2005	15
Later years	84
Total	173
Less estimated executory costs included in capital leases	(1)
Total minimum lease payments	172
Less imputed interest costs	(53)
Present value of net minimum lease payments	119

Operating leases

The Group leases equipment and office, manufacturing and warehouse space under various non-cancelable operating leases. Lease terms generally range from 1 to 9 years. Certain contracts contain renewal options for various periods of time and contain clauses for payment of real estate taxes and insurance. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases.

Net rental expense was € 315 million in 2000 (€ 185 million in 1999), corresponding to rental expenses of € 329 million (€ 202 million in 1999) less € 14 million of subletting revenue (€ 17 million in 1999).

Increases in rental expense between 1999 and 2000 are due mainly to costs related to the Meyer Group (renamed Saint-Gobain Building Distribution) and Raab Karcher.

Future minimum commitments for capital leases are as follows:

In millions of euros

Leases	Rental expense	Subletting revenue	Net expense
2001	(279)	14	(265)
2002	(195)	12	(183)
2003	(161)	11	(150)
2004	(134)	10	(124)
2005	(118)	9	(109)
Following years	(519)	45	(474)
Total	(1,406)	101	(1,305)

Note 7 – Investments in equity investees

The Group's share in net income of equity investees (companies in which the Group exercises significant influence and some non-strategic companies controlled by the Group) can be analyzed as follows:

In millions of euros

	2000	1999	1998
At January 1	439	816	513
Changes in the composition of the Group	(80)	(378)	310
Dividends paid	(38)	(23)	(74)
Net income of equity investees	84	28	86
Translation adjustments	(12)	(4)	(19)
Balance at December 31	393	439	816

The main movements recorded in 1999 resulted from the full consolidation of the Essilor Group and its subsidiaries which were previously accounted for by the equity method.

Essilor was fully consolidated in the Group's financial statements up to the end of the first half of 2000, and was then accounted for by the equity method up to the date which the Compagnie de Saint-Gobain disposed of its entire stake in the company.
Medex, which was accounted for by the equity method in 2000, was sold for € 54 million on February 12, 2001.

Contribution to consolidated results of the main companies accounted for by the equity method.

In millions of euros

	2000	1999	1998
Hankuk Glass Industries	34	7	(1)
Essilor	19	–	39

Note 8 - Investments at cost

In millions of euros

	2000		1999		1998	
	Gross book value	Net book value	Gross book value	Net book value	Gross book value	Net book value
At January 1:	432	351	896	787	816	707
Acquisitions	59	59	239	239	378	378
Disposals	(40)	(25)	(96)	(96)	(54)	(41)
Provisions for the year	–	(2)	–	(31)	–	(13)
Change in the composition of the Group	(235)	(212)	(606)	(546)	(238)	(238)
Translations adjustments	8	7	(1)	(2)	(6)	(6)
At December 31	224	178	432	351	896	787

The fair value of these investments approximates cost.
In 1999, the decrease in investments at cost was mainly due to the full consolidation of the small processing subsidiaries of the Flat Glass division.

Note 9 – Current and non-current marketable securities

Marketable securities include SICAV and other mutual funds as well as short-term investments recorded at the lower of cost and market. All of these marketable securities are variable-income. Unrealized gains on these marketable securities are not considered as material in the consolidated financial statements.

Marketable securities which cannot be recognized as cash equivalents are considered by the Group as "available for sale". The breakdown of these marketable securities is shown below:

December 31, 2000 — *In millions of euros*

	Gross book value	Net book value	Unrealized gains	Estimated market value (1)
Strategic interests				
■ BNP-Paribas	132	132	191	323
■ Vivendi Universal	171	171	692	863
Other interests	7	7	9	16
Total interests	310	310	892	1 202
Marketable securities	530	530	–	530

December 31, 1999 *In millions of euros*

	Gross book value	Net book value	Unrealized gains	Estimated market value (1)
Strategic interests				
■ BNP-Paribas	132	132	185	317
■ Vivendi Universal	227	227	1,236	1,463
Other interests	8	8	9	17
Total interests	367	367	1,430	1,797
Marketable securities	644	644	–	644

December 31, 1998 *In millions of euros*

	Gross book value	Net book value	Unrealized gains	Estimated market value (1)
Strategic interests				
■ BNP-Paribas	132	132	110	242
■ Vivendi Universal	481	481	1,760	2,241
Other interests	0	0	3	3
Total interests	613	613	1,873	2,486
Marketable securities	647	647	–	647

(1) Based on stock market prices at December 31.

Note 10 - Other fixed assets

In millions of euros

December 31,	2000	1999	1998
Loans and deposits	313	398	233
Retirement benefits–Additional minimum liability	57	–	–
Prepaid pension cost	396	–	–
Other fixed assets	766	398	233

"Retirement benefits–Additional minimum liability" and "Retirement benefits–Pre-paid cost benefits" are a result of the adoption of US generally accepted accounting principles relating to pensions and other postretirement benefits in 2000.

In accordance with French generally accepted accounting principles, the total additional minimum liability has been recorded under "Other fixed assets". Under US generally accepted accounting principles, part of the commitment–in an amount of € 51 million–would be recorded as a deduction from shareholders' equity.

Note 11 - Inventories

At December 31, 2000, 1999 and 1998, raw materials, work in progress and finished goods as well as valuation allowances can be analyzed as follows:

In millions of euros

December 31,	2000	1999	1998
Gross value:			
Raw materials and supplies	1,250	1,108	885
Work in progress	417	911	672
Finished goods	3,436	2,435	1,698
Gross inventories	5,103	4,454	3,255
Valuation allowances:			
Raw materials and supplies	(87)	(72)	(56)
Work in progress	(22)	(87)	(58)
Finished goods	(242)	(142)	(88)
Valuation allowances	(351)	(301)	(202)
Net inventories at December 31	**4,752**	**4,153**	**3,053**

Note 12 - Trade accounts receivable

Trade accounts receivable are short-term receivables.

In millions of euros

December 31,	2000	1999	1998
Trade accounts receivable	4,992	4,501	3,038
Less allowance for doubtful accounts	(349)	(300)	(196)
Net trade accounts receivable at December 31	4,643	4,201	2,842

Changes in allowances for doubtful accounts:

In millions of euros

	2000	1999	1998
At January 1	(300)	(196)	(153)
Net charge for the year	(2)	(10)	(25)
Change in the composition of the Group	(44)	(88)	(19)
Exchange rate fluctuations	(3)	(6)	1
Balance at December 31	(349)	(300)	(196)

In 2000, the total charge related to unrecoverable receivables amounted to € 84 million (€ 62 million in 1999).
In the United States, the Group has an agreement with a financial institution to sell receivables, up to $400 million, without recourse, daily at a discount approximating interest rates for commercial paper. Discounts, included in interest expense, were € 22 million in 2000, € 15 million in 1999 and € 14 million in 1998. Receivables sold by the Group were as follows:

In millions of euros

December 31,	2000	1999	1998
Total receivables	406	258	236

The amounts shown in the above table correspond to the proceeds received from the financial institutions.

Note 13 – Other receivables

All amounts recorded under “Other receivables” are due within one year.

In millions of euros

December 31,	2000	1999
Advances to suppliers	76	51
Prepaid payroll taxes	24	16
Other prepaid and recoverable taxes	399	184
Accrued income	121	43
Other receivables	545	753
Valuation allowances	(4)	(5)
Other receivables	1,161	1,042

Note 14 – Treasury stock

Compagnie de Saint-Gobain capital stock held by consolidated Group companies is shown as a separate deduction from shareholders’ equity under “Treasury stock”, at historical cost. Total treasury stock shares were 1,996,971, at December 31, 2000, 3,577,950 at December 31, 1999, and 3,554,438 at December 31, 1998.
Agreements were made between Vivendi Universal and the Group on July 9, 1998. Pursuant to these agreements, Compagnie de Saint-Gobain repurchased 3,000,000 of its own shares from Vivendi Universal in 1999 and the Group allowed Vivendi Universal to repurchase 4,700,000 Vivendi Universal shares. Also in 1999, the Group purchased 1,544,000 Compagnie de Saint-Gobain shares on the stock market and resold 5,700 of these shares. In 2000, the Group purchased 2,494,342 of its own shares and resold 6,756 of them.
A total of 4,068,565 shares were canceled in 2000 and 4,514,788 in 1999, representing 10% of share capital.
Pursuant to an unwinding of cross-shareholdings agreement signed June 2, 1998 with Suez-Lyonnaise des Eaux, the Group repurchased 2,300,000 Compagnie de Saint-Gobain shares in 1998 and sold 4,223,082 Suez-Lyonnaise des Eaux shares back to that company.
Share buybacks in 2000, 1999 and 1998 were carried out for several different purposes, but specific numbers of shares were not assigned to each objective. Therefore, these repurchased shares were recorded as treasury stock.

Note 15 – Changes in minority interests

In millions of euros

	2000	1999	1998
At January 1	1,613	1,154	1,545
Net income for the year	125	163	85
Dividends paid by consolidated subsidiaries	(91)	(54)	(44)
Minority interests' portion in common stock increases of subsidiaries	28	53	4
Purchase of shares in consolidated companies from minorities	(11)	(495)	(397)
Changes in the composition of the Group	(865)	722	15
Exchange rate fluctuations	24	70	(54)
Balance at December 31	823	1,613	1,154

The decrease in minority interests in 2000 reflected the deconsolidation of Mexalit and the Essilor Group, which was fully consolidated up to June 30, 2000.
In 1999, the changes in minority interests were mainly attributable to the full consolidation of the Essilor Group and its subsidiaries, and to the acquisition of all of Paribas' residual holdings in the Poliet Group, as well as other shareholders' interests in Poliet.
In 1998, Paribas' holding in the Poliet Group, which was not yet legally transferred to the Saint-Gobain Group, was recorded in minority interests in the balance sheet, in an amount of € 397 million. The finance costs resulting from the commitment by the Saint-Gobain Group to purchase Poliet shares still legally held by Paribas are recorded in the balance sheet under the caption "Other liabilities". Net interest charges incurred were recorded in the income statement.

Note 16 – Non-voting participating securities

The Group issued 700,000 non-voting participating securities in French francs in 1983 and 100,000 non-voting participating securities in ecus in 1984. The non-voting participating securities are not redeemable. Their remuneration is included in financial charges. These securities were converted into euros in 1999.
Each security carried a coupon which gave the holder the right to subscribe to a new non-voting participating security until January 1988 for securities issued in 1983 and until February 1987 for securities issued in 1984. There were respectively 588,299 securities and 94,633 securities resulting from the exercise of the coupons.

The remuneration of the 1,288,299 non-voting participating securities issued in 1983, up to a limit equal to 125% of the average rate of interest on bonds, includes a fixed interest element and a participation in the consolidated net income of the Group. The remuneration of the 194,633 non-voting participating securities issued in 1984 comprises a fixed interest element of 60% of the nominal value of the security and equal to 7.5% *per annum* and a variable amount on the remaining 40% based on the consolidated net income of the previous year within the limits fixed in the prospectus.
At December 31, 2000, 1999 and 1998, the amount of participating securities issued was as follows:

In millions of euros

	2000	1999	1998
Securities issued in 1983 (indexed on average bond rates)	196	196	196
Securities issued in 1984 (indexed on Euribor)	195	195	195
Total	391	391	391

The remuneration of non-voting participating securities during the period 1998 to 2000 was as follows:

In millions of euros

	2000	1999	1998
Securities issued in 1983	14	12	12
Securities issued in 1984	15	13	13
Total	29	25	25

Note 17 – Pensions and postretirement benefits

Pensions and retirement indemnities

Pension obligations are determined by actuarial valuations using a method based on projected end-of-career salaries (the projected unit credit method). As from January 1, 2000, the method applied is in accordance with the accounting principles generally accepted in the United States of America. The total liability in respect of pension obligations to pensioners as well as the liability concerning the past service of employees has been determined. For retirement indemnities, the commitment based on estimated total service in the Group is determined and provision made for past service using the straight-line method.
Assumptions as to mortality, rotation of employees and salary projections take into account the economic conditions specific to each country and company. Interest rates used in 2000 to determine the present value of future commitments are generally between 4.5% and 7.75% depending on the country.

In determining the provision detailed below, the market value of the pension funds is deducted from the total obligation:

In millions of euros

	France	Other European countries		North America		Rest of the world	
	Pension and retirement indemnities	Plans with assets in excess of accumulated benefits	Plans with accumulated benefits in excess of plan assets	Plans with assets in excess of accumulated benefits	Plans with accumulated benefits in excess of plan assets	Pension and retirement indemnities	Net total
December 31, 2000							
Projected benefit obligation	401	1,690	1,061	1,310	90	48	4,600
Plan assets	105	2,123	56	1,547	7	38	3,876
Benefits in excess of (less than) plan assets	296	(433)	1,005	(237)	83	10	724
Deferred variances	(36)	99	(2)	176	(12)		225
Pension liability (asset) recognized in the balance sheet	260	(334)	1,003	(61)	71	10	949
Accruals for related benefits			5		275		280
Total net obligation	260	(334)	1,008	(61)	346	10	1,229
Minimum additional liability (see note 10)							57
Prepaid pension cost (see note 10)							396
Provision recorded in the balance sheet							1,682
December 31, 1999							
Projected benefit obligation	394	586	1,114	848	406	19	3,367
Plan assets	74	736	105	1,095	320	2	2,332
Benefits in excess of (less than) plan assets	320	(150)	1,009	(247)	86	17	1,035
Deferred variances	(77)	138	(46)	221	(34)	(2)	200
Pension liability (asset) recognized in the balance sheet	243	(12)	963	(26)	52	15	1,235
Accruals for related benefits	4		6		286		296
Total obligations provided							1,531
December 31, 1998							
Projected benefit obligation	326	396	999	694	307	12	2,734
Plan assets	79	434	201	911	257	1	1,883
Benefits in excess of (less than) plan assets	247	(38)	798	(217)	50	11	851
Deferred variances	(17)	30	44	199	(37)	0	219
Pension liability (asset) recognized in the balance sheet	230	(8)	842	(18)	13	11	1,070
Accruals for related benefits			4		237		241
Total obligations provided							1,311

Deferred variances include actuarial variances and variances arising from modifications to plans. Deferred variances at December 31, 2000 also include adjustments to opening balances. They are amortized over the average remaining service period or average remaining life expectancy of the relevant beneficiary.
For the French companies in the Group, a pension fund is being gradually built up by contributions to an insurance company. Contributions to the fund amounted to € 23 million in 2000, € 23 million in 1999 and € 20 million in 1998.
For the Saint-Gobain Group, vested rights (obtained by the beneficiaries of the retirement plans) amount to € 2,857 million. They represent obligations to pensioners and in certain countries (mainly the United States of America, Germany and the United Kingdom) the vested rights of employees who are not obliged to remain with the companies until retirement in order to benefit under the plans.
The pension charge is as follows:

In millions of euros

	2000	1999	1998
Vested rights	117	82	69
Interest	260	192	173
Return on funds	(258)	(229)	(164)
Variances	10	78	20
Total	129	123	98

Other postretirement and postemployment benefits

Obligations for other postretirement and postemployment benefits are determined by actuarial valuations. Amounts provided cover the liabilities concerning pensioners and the past service of employees.
The assumptions as to mortality, rotation of employees and rates used to determine future benefits are those used for the determination of the pension liability.
The charge for other postretirement and postemployment benefits is as follows:

In millions of euros

	2000	1999	1998
Service cost	10	4	3
Interest	20	17	16
Variances	2	4	4
Total	32	25	23

Note 18 – Provision for income taxes

Compagnie de Saint-Gobain is assessed for income tax purposes on its consolidated fiscal income. A request to renew the fiscal agreement that covers the years 1998 to 2000 has been made for the years 2001 to 2003. As a result of this agreement the Group's share of the aggregate amount of income taxes paid by Group companies included in the worldwide tax group is taken into account when determining consolidated fiscal income.
Also, under the terms of Article 223 and subsequent articles of the General Tax Code (Code Général des Impôts), Compagnie de Saint-Gobain has opted for the integrated tax (Intégration Fiscale) system in addition to the consolidated tax system described above.
The net income of companies included in the tax group is as follows:

In millions of euros

	2000	1999	1998
Net income of companies included in tax group	1,558	1,361	1,096
Income tax expense	791	775	589
Income of companies included in tax group before income taxes	2,349	2,136	1,685

This income breaks down as follows:

In millions of euros

	2000	1999	1998
French companies	1,360	1,094	881
Foreign companies	989	1,042	804
Income of companies included in tax group before income taxes	2,349	2,136	1,685

The provision for income tax is as follows:

In millions of euros

	2000	1999	1998
Current taxes	(723)	(713)	(589)
Domestic	(327)	(318)	(288)
Foreign	(396)	(395)	(301)
Deferred taxes	(68)	(62)	0
Domestic	(38)	8	(11)
Foreign	(30)	(70)	11
Total provision for income tax	(791)	(775)	(589)

In 2000, the provision for income taxes represents 34% of total Group income before tax (36% in 1999 and 35% in 1998). The effective tax rates are determined as follows:

percentages

	2000	1999	1998
Current income tax rate	33	33	33
Surcharge on French income tax	2	2	3
Dividends from unconsolidated companies	–	–	(1)
Technical assistance fees and net capital gains taxed at lower rates	(2)	(3)	(4)
Other, including the amortization of goodwil	1	4	4
Effective rate	34	36	35

At December 31, 2000 the provision for deferred taxes recorded in the balance sheet amounts to € 709 million and is analyzed as follows:

In millions of euros

At January 1	328
Charge for the year	68
Translation adjustments	2
Effect of the changes in the composition of the Group and other	311
At December 31, 2000	709

The principal components of the net deferred tax liability are as follows:

In millions of euros

	2000	1999	1998
Pensions	171	288	288
Retail brands	(340)	(145)	(141)
Depreciation	(364)	(176)	(169)
Other	(176)	(295)	(253)
Total net deferred tax liability	(709)	(328)	(275)

Note 19 - Other liabilities

In millions of euros

December 31,	2000	1999	1998
Provisions for claims and environment	317	212	186
Provisions for maintenance	125	125	121
Provisions for restructuring costs	259	374	298
Provisions for personnel costs	157	84	75
Badwill	101	85	21
Other	429	235	241
Total other liabilities	1,388	1,115	942

Change in provisions for claims and environment:

In millions of euros

	2000	1999
At January 1	212	186
Movement for the year	16	(56)
Changes in the composition of the Group	83	75
Exchange rate fluctuations	6	7
Balance at December 31	317	212

Change in provisions for restructuring costs:

In millions of euros

	2000	1999
At January 1	374	298
Movement for the year	(64)	1
Changes in the composition of the Group	(57)	57
Exchange rate fluctuations	6	18
Balance at December 31	259	374

The items explaining the change in provisions for restructuring costs are described in note 26.

Note 20 – Other payables

In millions of euros

December 31,	2000	1999	1998
Customer deposits	72	58	47
Income tax payable	292	189	147
Payables related to fixed assets	229	141	95
Grants	33	30	29
Accrued personnel expenses	703	666	557
Accrued taxes other than on income	237	180	151
Other	1,031	1,195	771
Total	2,597	2,459	1,797

The increase in other payables in 1999 was mainly attributable to the consolidation of the Flat Glass processing subsidiaries.

Note 21 – Long-term and short-term debt

Breakdown of long-term and short-term debt

Long-term and short-term debt consists of the following:

In millions of euros

At December 31	2000	1999	1998
Long-term debt:			
Bond issues	3,565	2,886	1,497
Medium Term Notes	450	434	355
Private placings in euro	471	495	289
Perpetual loan	33	101	101
Other long-term debt including leasing	480	223	655
Total long-term debt	4,999	4,139	2,897
Short-term debt:			
Current portion of long-term debt	1,859	866	130
Borrowings due in less than one year (US CP, euro CP and treasury notes).	923	1,283	707
Bank overdrafts	1,771	1,629	1,710
Total short-term debt	4,553	3,778	2,547
Total debt	9,552	7,917	5,444
Short-term loans	(139)	(238)	(479)
Marketable securities	(530)	(644)	(647)
Cash and cash equivalents	(666)	(729)	(433)
Net indebtedness	8,217	6,306	3,885

Average interest rates for material long-term debt items before hedging are as follows:

percentages

December 31,	2000	1999	1998
Interest rate on outstanding debt			
Bond issues	5.58	5.21	5.80
Medium Term Notes	6.09	5.38	5.81
Private placings in euro	5.30	4.26	4.63
Perpetual loan	5.50	3.81	4.00

Part of long-term debt is collateralized by certain mortgage notes on various non-current assets amounting to € 51 million at December 31, 2000.

To support its short-term financing programs (US commercial paper, euro commercial paper and treasury notes), Compagnie de Saint-Gobain has set up a syndicated credit line in an amount of $1 billion as well as bilateral lines totaling € 1,365 million.

Commitment fees paid in 2000 in respect of these credit lines totaled € 2.14 million.

Marketable securities include SICAV and other mutual funds as well as short-term investments recorded at the lower of cost and market. All of these securities have variable remuneration rates.

Maturities of long-term and short-term debt are as follows:

In millions of euros

Maturities at December 31,	2000					1999	1998
	Bond issues	Private placings	MTN	Other	Total		
2000	–	–	–	–	–	–	396
2001	–	–	–	–	–	489	466
2002	322	23	258	95	698	501	446
2003	152	13	46	71	282	285	93
2004	263	61	48	45	417	437	266
2005	1,221	84	0	55	1,360	102	
Repayment beyond 6 years	1,607	291	98	213	2,209	2,274	772
Unspecified (including perpetual loan)	–	–	–	33	33	51	129
Revolving credits	–	–	–	–	–	–	329
Total long-term debt	3,565	472	450	512	4,999	4,139	2,897
Short-term debt (1)	392	33	327	3,801	4,553	3,778	2,547
Total debt	3,957	505	777	4,313	9,552	7,917	5,444

(1) Including portion of long-term debt due in less than one year.

Financing programs

The Group has a number of programs available for mid-term and long-term (Medium Term Notes) and short-term (Commercial Paper and Treasury Notes) financing.
At December 31, 2000, the situation of these programs is as follows:

In millions of currency

	Drawdown period	Authorized ceilings at Dec. 31, 2000	Drawdowns at Dec. 31, 2000	Drawdowns at Dec. 31, 1999	Drawdowns at Dec. 31, 1998
Medium term notes	1 to 30 years	USD 1,000 (1)	USD 716	USD 435	USD 415
US commercial paper	up to 12 months	USD 1,000 (1)	USD 481	USD 515	USD 400
Euro commercial paper	up to 12 months	USD 1,000 (1)	USD 292	USD 252	USD 145
Treasury notes	up to 12 months	EUR 1,500	EUR 92	EUR 519	EUR 241

(1) Equivalent to EUR 1,075 million based on the exchange rate at December 31, 2000 (EUR 1 = USD 0.9305).

Note 22 – Financial instruments

Interest rate risk management

Interest rate risk relating to the Group's total net indebtedness is managed by the treasury department of Compagnie de Saint-Gobain. This debt is determined by means of a reporting system that provides a detailed breakdown of each subsidiary's indebtedness and of related derivative instruments. Subsidiaries hedge risks on debt exclusively with Compagnie de Saint-Gobain, the Group holding company.
The main objective of managing overall interest rate risk on the Group's consolidated net debt is to fix the cost of the medium-term debt and to optimize annual borrowing costs. The Group's policy defines which derivative financial instruments can be used to hedge the debt. Derivative financial instruments may include rate swaps, options—including caps, floors and swaptions—and forward rate agreements. These instruments are traded over-the-counter with counterparties meeting minimum rating standards as defined in Group Doctrine.
The weighted average interest rate on total debt after giving effect to hedging instruments was 5.8% for the year ended December 31, 2000 (5.3% in 1999 and 5.9% in 1998).
After giving effect to in-the-money options and other hedging instruments, at December 31, 2000, 68% of Group debt was at fixed rates of interest and 32% was at variable rates.
In addition, the Group had options (interest rate caps) on a notional amount of € 423 million which were out of the money at December 31, 2000.
Net debt at December 31, 2000 before and after recognition of cross-currency and currency swaps was in the following currencies. The difference between the total amount in this table and the total amount of the net debt above is due to the inclusion of accrued interest.

In millions of euros

	Before cross-currency swaps	After cross-currency and currency swaps
Net debt in		
EUR	4,960	3,675
% of total debt	61%	45%
USD	1,696	2,949
% of total debt	21%	36%
GBP	1,053	1,345
% of total debt	13%	17%
CHF	257	– 122
% of total debt	3%	– 1%
Other currencies	153	272
% of total debt	2%	3%
Total debt	8,119	8,119

The nominal amount of the financial instruments used to hedge interest rate risks at December 31, 2000 was as follows:

In millions of euros

At December 31,	2000
Interest rate swaps–borrower of fixed rate	984
Interest rate swaps–lender of fixed rate	443
Interest rate swaps (long-term variable/short-term variable)	122
Other interest rate swaps (variable/variable)	107
Caps purchased	741
Caps sold	236

The nominal amount of commitments given and received in the form of swaptions and early repayments of borrowings amounted to € 460 million and € 257 million respectively.

Effect of an increase in interest rates

At December 31, a 1% increase in interest rates would have had the following impact on Group interest expense in 2001, assuming that the total amount of debt remains stable and decreases in fixed-rate debt are offset by matching increases in variable-rate debt.

In millions of euros

Impact of a 1% increase in interest rates on net financial expense	
Impact excluding interest-rate swaps, swaptions and caps	33
Impact excluding swaptions and caps	28
Impact including swaptions and caps	26

Foreign currency risk management

Commercial transactions

The Group's policy with regard to currency risk consists of hedging commercial transactions carried out by Group entities in currencies other than their functional currencies. Compagnie de Saint-Gobain and its subsidiaries may use options and forward contracts to hedge exposure arising from commercial transactions.

Subsidiaries are not authorized to enter into option contracts with external counterparties. Instead, options are set up exclusively with the holding company Compagnie de Saint-Gobain, which then takes a reverse position in the market.

Most forward contracts are for periods of around three months. However, forward contracts taken out to hedge firm orders may have terms of up to two years. Subsidiaries are authorized to enter into forward contracts with their banks for periods of less than two years. They may also use the hedging software managed by Compagnie de Saint-Gobain, which automatically hedges all invoices and commitments denominated in foreign currencies.

Financial transactions

Hedging of financial transactions is managed on a case-by-case basis, for example for acquisitions in foreign currency, repatriation of dividends or capital contributions to subsidiaries. Option-based strategies are generally used in these cases.

The nominal amount of financial instruments used to hedge currency risks at December 31, 2000 was as follows:

In millions of euros

Nominal amount	
Currency swaps	3,485
Purchased currency options	64
Written currency options	64

The Group does not trade in foreign currency instruments. It therefore had no trading position at December 31, 2000.

Credit and liquidity risk management

Financial transactions such as purchases and sales of marketable securities and currency or interest rate hedging instruments, are carried out with diversified and high quality counterparties. Credit risk is therefore low. The choice of counterparties as well as at the determination of position limits by counterparty is part of a rigorous and selective process.

Similarly, the Group's exposure to liquidity risk is not significant.

Energy risk management

Since 1998, the Group has hedged part of its natural gas costs in the United States using fixed-rate borrower/variable-rate lender swaps on the NYMEX and also on the futures market. Outstanding swaps at December 31, 2000 amounted to 3,550,000 billion BTU. Outstanding futures contracts at December 31, 2000 amounted to 1,950,000 billion BTU.

In addition, the Group has launched a hedging program to cover heating oil costs of some of its European subsidiaries between the months of October and December. The hedges consisted exclusively of fixed-rate borrower/variable-rate lender swaps based on various Platt's references. At December 31, 2000, a single swap based on 1,350 tons of heating oil (FOB barge) was outstanding.

Fair values

As described above, the strategy followed by the Group for the management of interest rate risk is to secure protection from the effects of an increase in rates. Accordingly, the cost of most of the net indebtedness of the Group is fixed either by direct borrowings at fixed rates or by the use of swaps and caps to convert borrowings at variable interest rates into fixed rate debt.

The fair value of net indebtedness at variable rates not hedged by financial instruments is the same as its book value.

The fair value of derivative financial instruments used by the Group is as follows:

In millions of euros

Type of instrument	Fair value
Interest rate swaps	+ 7
Currency swaps (1)	– 240
Caps purchased	+ 1
Caps sold	n/a
Currency options	+ 2
Natural gas swaps and futures	+ 13
Heating oil swaps	n/a

Changes in fair value of derivative hedging instruments is offset by corresponding changes in the value of items being hedged.

(1) Compagnie de Saint-Gobain finances part of its debt in foreign currencies, particularly debt in US dollars, using cross-currency swaps to change the euro into foreign currency. The amount of € 240 million represents the cost for replacing these swaps on the market at the year-end. However, since the swaps are derivative hedging instruments, they are intended to be retained in the Group portfolio until maturity. The Group will therefore not incur any exchange loss when the cross-currency swaps and the hedged items mature.

Note 23 – Research and development and advertising costs

Selling, general and administrative expenses include research and development costs of € 300 million, € 342 million and € 250 million for the years ended December 31, 2000, 1999 and 1998, respectively. Advertising costs amounted to € 246 million in 2000 and € 255 million in 1999.

Note 24 – Other operating expenses and income

In millions of euros

	2000	1999	1998
Pension and other postretirement benefit costs (see note 17)	(161)	(148)	(121)
Amortization of other intangible assets	(79)	(63)	(46)
Employees' profit sharing	(118)	(106)	(95)
Income from sundry sales and other sundry income and expenses	114	98	66
Total other operating costs, net	(244)	(219)	(196)

Note 25 – Interest and other financial charges (net)

In millions of euros

	2000	1999	1998
Remuneration of non-voting participating securities (see note 16)	(29)	(25)	(25)
Interest expense	(577)	(396)	(344)
Other financial charges	(156)	(105)	(76)
Interest and other financial income	154	196	151
Net profits (losses) on foreign exchange	(4)	2	(6)
Total interest and other financial charges (net)	(612)	(328)	(300)

Total interest capitalized amounted to € 7 million, € 3 million, and € 7 million for the years ended December 31, 2000, 1999, and 1998 respectively.

Note 26 – Non-operating expenses and income

Non-operating expenses and income include the costs arising on the disposal of loss-making activities and measures in favor of employees affected by downsizing plans. These costs are summarized below:

In millions of euros

	2000	1999	1998
Reorganization costs			
■ France	(37)	(100)	(39)
■ Other European countries	(109)	(61)	(60)
■ North America	(6)	(17)	(17)
■ Rest of the world	(8)	(13)	(11)
Other	2	0	(14)
Total non-operating expenses and income	(158)	(191)	(141)

In 2000, the reorganization costs mainly related to Flat Glass (Saint-Gobain Cristaleria, Saint-Gobain Glass Benelux, Saint-Gobain Glass France), Pipe (Saint-Gobain Pam, Saint-Gobain Gussrohr) and Containers (Vicasa).

In 1999, the reorganization costs mainly related to Flat Glass (Saint-Gobain Sekurit Véhicules Industriels, Solaglas, Saint-Gobain Glass France), Pipe (Saint-Gobain Pam), Containers (Saint-Gobain Emballage) and Plastics and Industrial Ceramics (Norton HTK, Saint-Gobain Ceramics & Plastics).

In 1998, the reorganization costs mainly related to Flat Glass (Saint-Gobain Cristaleria), Insulation (Saint-Gobain Isover G+H, Saint-Gobain Isover), Building Materials (CertainTeed), Pipe (Saint-Gobain Pam) and Containers (Saint-Gobain Emballage).

Note 27 – Sale of non-current assets

In 2000, the net gain on the sale of non-current assets mainly related to the sale of shares in Vivendi and the Group's entire interest in Essilor.

In 1999, the net gain on the sale of non-current assets mainly related to the sale of shares in Vivendi Universal.

In 1998, the net gain on the sale of non-current assets mainly related to the sale of shares in Vivendi Universal as well as the remaining holdings in Suez-Lyonnaise des Eaux, Saur and Axa.

Note 28 – Stock-based plans

Stock Option Plans on Compagnie de Saint-Gobain shares

Compagnie de Saint-Gobain has incentive stock option plans available to certain employees, and a Group Savings Plan ("PEG"), or employee stock purchase plan.

The stock option plans allow the Board of Directors to grant options which allow the holder to obtain Saint-Gobain shares at a price based on the average fair market value of the shares for the 20-day period preceding the date of granting. Discounts of 10% and 5% on this average price were granted in 1997 and 1998 respectively. Such discounts were discontinued in 1999.

Options vest over a period of two, three or five years with full vesting occurring at the end of the vesting period. Options must be exercised within eight or ten years from the date of grant and all rights to options are forfeited if the employee terminates employment with the Saint-Gobain Group.

Since 1997, options to purchase shares of Compagnie de Saint-Gobain and not, as in previous years, options to subscribe to new shares, have been awarded.

Transactions during 1998, 1999 and 2000 relating to stock options granted by Compagnie de Saint-Gobain are as follows:

In euros

	Shares	Weighted average exercise price
Options outstanding at January 1, 1998	1,122,523	86.90
Options granted	321,995	118.15
Options exercised	(103,583)	68.78
Options outstanding at December 31, 1998	1,340,935	95.81
Options granted	437,725	162.53
Options exercised	(287,216)	77.22
Options outstanding at December 31, 1999	1,491,444	118.97
Options granted on March 30, 2000	5,000	132.43
Options granted on November 16, 2000	674,125	150.89
Options exercised	(92,504)	79.07
Options cancelled	(3,459)	62.10
Options outstanding at December 31, 2000	2,074,606	131.24

At December 31, 1998, 1999 and 2000, 722,075, 618,279 and 522,316 options were exercisable at exercise prices ranging from € 78.41 to € 91.51.

At December 31, 2000, 607,415 options were available for grant.

The following table summarizes information about stock options outstanding at December 31, 2000:

Date of grant	Options exercisable			Options not exercisable		Total options outstanding	Type of options
	Exercise price *(in euros)*	Number of options	Average remaining contractual life in months	Exercise price *(in euros)*	Number of options	Number of options	
1993	66.30	18,676	11			18,676	Subscription
1994	81.56	29,820	21			29,820	Subscription
1995	70.13	88,455	35			88,455	Subscription
1996	85.68	211,295	47			211,295	Subscription
1997	113.88	174,070	59	113.88	113,445	287,515	Purchase
1998	118.15	0	71	118.15	321,995	321,995	Purchase
1999	162.53	0	107	162.53	437,725	437,725	Purchase
March 30, 2000	132.43	0	111	132.43	5,000	5,000	Purchase
November 16, 2000	150.89	0	119	150.89	674,125	674,125	Purchase
Total	–	522,316	–	–	1,552,290	2,074,606	–

Group Savings Plan (PEG) of Compagnie de Saint-Gobain

The PEG employee stock purchase plan is open to all employees in France and in most European countries who have completed a minimum of three months' service with the Group. The plan offers shares to eligible employees at a 20% discount from average fair market value of the shares for the 20-day period preceding the date of the meeting of the Board of Directors at which the Plan is set.

Employees can invest for a five or ten-year term. Over this period, employees may not sell their shares, barring exceptional circumstances.

Under the PEG, the Group sold 1,956,224, 1,174,234 and 965,392 shares to employees in 2000, 1999, and 1998, respectively, at a price per share of € 106.00 in 2000, € 97.11 in 1999 and € 101.53 in 1998.

Stock Option Plan on Lapeyre stock

Transactions during 1998, 1999, and 2000 relating to stock options granted by Lapeyre are as follows:

In euros

	Shares	Weighted-average exercise price
Options outstanding at December 31, 1997	152,650	31.23
Options exercised	(15,000)	18.00
Options outstanding at December 31, 1998	137,650	32.67
Options exercised	(32,200)	37.08
Options outstanding at December 31, 1999	105,450	31.33
Options exercised	(33,450)	31.70
Options outstanding at December 31, 2000	72,000	31.16

At December 31, 1998, 1999 and 2000, 137,650, 105,450 and 72,000 options were exercisable at exercise prices ranging from € 31.16 to € 32.67.
The following table summarizes information about stock options outstanding at December 31, 2000:

Date of grant	Total options outstanding			Type of options
	Exercise price *(in euros)*	Number of options	Average remaining contractual life in months	
1995	29.27	22,500	10.5	Subscription
1996	32.01	49,500	22.5	Subscription
Total		72,000		

Note 29 – Contingent liabilities, commitments and pledges

In millions of euros

December 31,	2000	1999	1998
Commitments given	237	271	1,027
Commitments received	(61)	(78)	(896)
Net commitments	176	193	131

Off-balance sheet commitments related to debt and financial instruments are not included in the above table, since they are presented in notes 21 and 22 respectively.

Commitments given at December 31, 1998 included Saint-Gobain's undertaking to sell 4.7 million Vivendi Universal shares back to Vivendi Universal. This undertaking was exercised in 1999.
Commitments received at December 31, 1998 included Vivendi Universal's undertaking to sell 3 million Compagnie de Saint-Gobain shares back to Saint-Gobain. This undertaking was exercised in 1999.

Note 30 – Workforce and personnel expenses

Average headcount and corresponding personnel expenses

Average number of employees	2000	1999	1998
Fully consolidated companies			
Managers	15,083	12,183	9,898
Supervisors	56,375	48,793	33,077
Other employees	96,019	99,902	71,391
Total	167,477	160,878	114,366
Total			
Proportionately consolidated companies			
Managers	25	17	2
Supervisors	213	167	24
Other employees	459	308	41
Total	697	492	67
Grand total	**168,174**	**161,370**	**114,433**

In millions of euros

Personnel expenses	2000	1999	1998
Remuneration (including social security contributions)	6,416	5,701	4,247

Directors' and corporate officers' remuneration

The total direct and indirect remuneration received in 2000 from Group companies by Corporate Officers amounted to € 12.6 million. The amount received in 1999 was € 11.7 million and the amount received in 1998 was € 11 million. The gross variable portion included in these remuneration amounts came to € 5.2 million in 2000, € 4.3 million in 1999 and € 3.2 million in 1998.
Attendance fees paid to Directors for 2000 amounted to € 0.3 million (1999: € 0.3 million; 1998: € 0.3 million).

Note 31 – Litigation

In 2000, new legal proceedings were initiated by former employees of the fiber-cement operations of Everite and Pont-à-Mousson ("the employers") in France, for asbestos-related occupational diseases, adding to those undertaken since 1997. At December 31, 2000, 253 lawsuits had been filed, with the aim of obtaining supplementary compensation over and above the payment of medical bills related to these occupational diseases by Social Security funds.

At that date, 31 complaints were undergoing an administrative review by Social Security authorities, 74 lawsuits were awaiting hearings before the Social Security Affairs Court and 113 before the Appeals Court, while 35 cases had been heard by an Appeals Court.

The 35 Appeals Court rulings all held the employer liable on the grounds of inexcusable fault, but the company concerned has lodged a further appeal before the Supreme Court of Appeal.

In 23 of the 35 rulings, the Social Security administration was ordered to pay the cost of compensation for the victims due to a breach of procedure.

In the remaining 12 cases, the employer has been ordered to pay compensation. In nine of these cases, the amount of compensation has not yet been set. In the other three, the total compensation paid is less than € 0.4 million.

In addition, at December 31, 2000, the number of individual suits filed by employees of French companies in the Group other than those previously cited who had used asbestos heat-protection equipment rose to 26. To date, a final ruling has been handed down in only one of these cases. In this case, the Social Security Affairs Court of Beauvais did not find the employer liable. The Social Security Affairs Court held the employer liable in ten other cases on the grounds of inexcusable fault. Appeals were lodged in all ten cases. In one case, the ruling was overturned on appeal. The other nine are awaiting judgement. The other 15 cases are currently either undergoing administrative review or are pending before the court.

The Social Security funding law for 2001 provides for the creation of a fund to be used to pay full compensation to persons determined to be suffering from occupational diseases caused by asbestos as well as all persons harmed by exposure to asbestos on French soil. Any person who claims and receives compensation from the fund will be barred from taking legal action to obtain other compensation on the same grounds. The fund will then take action against the party responsible for the asbestos contamination to recover the compensation paid. Procedures for applying this law will be set by a decree, which has not yet been issued.

In the United States, CertainTeed and two other Group companies that once manufactured fiber-cement and specialized insulation products are facing legal action, along with many other non-Group manufacturers, distributors and installers of products containing asbestos.

In 2000, CertainTeed was part of an organization known as the Center for Claims Resolution (CCR), which by the end of the year included twelve respondents to legal action (two organization members having filed for bankruptcy during the year). The organization organizes the court defense of respondent companies. Damages awards and negotiated out-of-court settlements were allocated among the organization members on a mutually-agreed basis and settled by their insurers or directly by the companies concerned in cases where they were not adequately covered. CertainTeed has booked a $10 million provision for potential costs in excess of the amounts covered by insurance or for possible failure by its insurers to effect settlement.

Since February 1, 2001, CertainTeed has undertaken its own defense of legal actions brought against it and will pay any related costs directly.

Although the Group cannot pre-judge the full legal impact of current lawsuits and appeals regarding claims stemming from the use of asbestos by some Group companies, bearing in mind the diversity of the various cases and of the rulings of different courts, Compagnie de Saint-Gobain considers that it does not incur any significant risks on these grounds.

Note 32 – Related party transactions

The main balances and transactions with companies accounted for by the equity method are as follows:

In millions of euros

	2000	1999
Assets		
Financial receivables	1	7
Inventories	7	13
Other receivables	14	31
Cash and cash equivalents	20	34
Valuation allowances	(2)	–
Liabilities		
Short-term debt	18	41
Cash advances	8	8
Expenses		
Purchases	121	180
Income		
Sales	79	114

Note 33 – Segment and geographic information

In its various businesses, the Saint-Gobain Group is a world leader in manufacturing and distribution of materials. Its operations break down into three main sectors made up of business divisions. Segment information is presented as follows:

Glass Products

- Flat Glass
- Insulation & Reinforcements
- Containers

High-Performance Materials

- Ceramics & Plastics and Abrasives
- Essilor (up until June 30, 2000)

Housing Products

- Building Materials
- Building Materials Distribution
- Pipe

The Group has operations in more than 40 countries. Its principal markets are in Europe (mainly in France, where its head office is located) and in North America. Management uses several different indicators to measure the operational performance of each division and to make resource-allocation decisions. These indicators are based on the data used to prepare the consolidated financial statements. Sales between divisions are generally carried out based on the same conditions as sales to external customers and are eliminated in consolidation. The accounting principles applied by the divisions are the same as those described in note 1.

Segment information by sector and by division

Year ended December 31, 2000 *In millions of euros*

	Glass			High-Performance Materials		Housing Products			Other	Total
	Flat Glass	Insulation and Re-inforcements	Containers	Ceramics & Plastics and Abrasives	Essilor	Building Materials	Building Materials Distribution	Pipe		
External sales	4,144	3,172	3,903	4,059	978	2,906	7,929	1,724	–	28,815
Internal sales	23	82	3	36	0	161	1	54	(360)	0
Net sales	4,167	3,254	3,906	4,095	978	3,067	7,930	1,778	(360)	28,815
Operating income	430	423	374	538	130	252	422	106	18	2,693
Depreciation and amortization (excluding goodwill)	(322)	(224)	(307)	(184)	(46)	(133)	(153)	(75)	(5)	(1,449)
Amortization of goodwill	(7)	(10)	(16)	(60)	(13)	(30)	(37)	(8)	(1)	(182)
Net goodwill	297	322	769	1,908	–	835	1,529	337	7	6,004
Total assets	4,073	3,258	2,876	3,884	–	2,152	5,194	1,433	8,551	31,421
Equity method investees	1	–	(2)	8	–	–	–	–	–	7
Purchases of property, plant and equipment	425	258	278	205	84	172	229	67	4	1,722
Equity in earnings (losses) of equity investees	33	–	1	9	2	8	8	3	20	84

Information reported for 2000 concerning Essilor covers the period from January 1, 2000 to June 30, 2000, during which Essilor was fully consolidated.

Results for the period when the company was accounted for by the equity method, from July 1, 2000 to the date Essilor shares were sold, appear under equity in earnings (losses) of equity investees in the "Other" column.

Year ended December 31, 1999 — *In millions of euros*

	Glass			High-Performance Materials		Housing Products			Other	Total
	Flat Glass	Insulation and Re-inforcements	Containers	Ceramics & Plastics and Abrasives	Essilor	Building Materials	Building Materials Distribution	Pipe		
External sales	3,701	2,808	3,637	3,026	1,662	2,490	4,077	1,551	0	22,952
Internal sales	17	56	3	40	–	135	1	54	(306)	0
Net sales	3,718	2,864	3,640	3,066	1,662	2,625	4,078	1,605	(306)	22,952
Operating income	328	358	367	365	229	283	252	129	3	2,314
Depreciation and amortization (excluding goodwill)	(283)	(190)	(288)	(143)	(95)	(119)	(98)	(69)	(6)	(1,291)
Amortization of goodwill	(17)	(9)	(15)	(33)	(25)	(25)	(17)	(3)	2	(142)
Net goodwill	267	234	741	1,621	507	777	623	202	9	4,981
Total assets	4,055	3,019	2,948	3,388	1,985	2,213	3,521	1,364	5,423	27,916
Equity method investees	16	0	1	7	0	2	0	0	3	29
Purchases of property, plant and equipment	389	345	261	137	129	159	145	89	58	1,712
Equity in earnings (losses) of equity investees	7	(1)	3	3	(1)	14	1	2	0	28

Year ended December 31, 1998 — *In millions of euros*

	Glass			High-Performance Materials		Housing Products			Other	Total
	Flat Glass	Insulation and Re-inforcements	Containers	Ceramics & Plastics and Abrasives	Essilor	Building Materials	Building Materials Distribution	Pipe		
External sales	2,270	2,443	3,414	2,730	–	2,115	3,325	1,524	0	17,821
Internal sales	–	45	2	32	–	118	–	49	(246)	(0)
Net sales	2,270	2,488	3,416	2,762	–	2,233	3,325	1,573	(246)	17,821
Operating income	204	273	332	325	–	250	193	197	2	1,776
Depreciation and amortization (excluding goodwill)	(193)	(177)	(265)	(127)	–	(118)	(86)	(63)	(5)	(1,034)
Amortization of goodwill	(4)	(7)	(14)	(32)	–	(21)	(15)	(2)	(7)	(102)
Net goodwill	168	223	661	972	–	679	547	138	245	3,633
Total assets	3,228	2,669	3,905	2,910	–	2,112	3,331	1,375	2,652	22,182
Equity method investees	116	0	3	24	–	12	0	8	6	169
Purchases of property, plant and equipment	203	264	370	131	–	135	107	76	2	1,288
Equity in earnings (losses) of equity investees	27	1	0	15	–	3	0	1	39	86

Information by geographical area

Selected information related to the Group's operations by geographical area is as follows:

In millions of euros

	France	Other European countries	North America	Rest of the world	Inter-area sales	Total
2000						
Net sales	8,731	11,452	7,452	2,239	(1,059)	28,815
Long-lived assets	4,099	7,334	5,903	2,194	–	19,530
1999						
Net sales	7,966	8,021	6,058	1,729	(822)	22,952
Long-lived assets	4,760	4,726	5,463	1,960	–	16,909
1998						
Net sales	6,953	5,494	4,512	1,547	(685)	17,821
Long-lived assets	5,057	4,103	3,483	1,390	–	14,033

The geographical breakdown of external sales for 2000, 1999 and 1998 is as follows:

In millions of euros

	France	Other European countries	North America	Rest of the world	Total
2000					
External sales	7,494	11,249	7,249	2,823	28,815
1999					
External sales	6,814	7,956	5,941	2,241	22,952
1998					
External sales	5,483	5,794	4,344	2,200	17,821

Note 34 – Principal fully consolidated companies

		Percent held directly and indirectly
GLASS		
■ Flat Glass		
Saint-Gobain Glass France	France	100.00
Saint-Gobain Sekurit France	France	100.00
Saint-Gobain Sekurit Deutschland GmbH & CO Kg	Germany	99.82
Saint-Gobain Glass Deutschland GmbH	Germany	99.82
Cebrace Cristal Plano Ltda *(percentage controlled: 50%)*	Brazil	39.21
Saint-Gobain Cristalerìa SA	Spain	73.13
Solaglas Ltd	United Kingdom	99.96
■ Insulation and Reinforcements		
Saint-Gobain Isover	France	100.00
Saint-Gobain Vetrotex France	France	100.00
Saint-Gobain Isover G+H AG	Germany	99.88
Saint-Gobain Vetrotex Italia SpA	Italy	100.00
CertainTeed Corporation	USA	100.00
Saint-Gobain Vetrotex America Inc.	USA	100.00
Saint-Gobain Ecophon Group	Sweden	99.28

		Percent held directly and indirectly
GLASS (continued)		
■ Containers		
Saint-Gobain Desjonquères	France	99.99
Saint-Gobain Emballage	France	100.00
Saint-Gobain Oberland AG	Germany	96.67
Saint-Gobain Vicasa SA	Spain	73.03
Saint-Gobain Containers Inc.	USA	100.00
Saint-Gobain Calmar Inc.	USA	100.00
Saint-Gobain Vetri SpA	Italy	99.97
HIGH-PERFORMANCE MATERIALS		
■ Ceramics & Plastics and Abrasives		
Saint-Gobain Abrasifs	France	99.92
Société Européenne des Produits Réfractaires (SEPR)	France	100.00
Norton Company	USA	100.00
Saint-Gobain Ceramics & Plastics Inc.	USA	100.00
Saint-Gobain Performance Plastics	USA	100.00
HOUSING PRODUCTS		
■ Building Materials		
Saint-Gobain Weber	France	99.99
Saint-Gobain Stradal	France	100.00
Saint-Gobain Terreal	France	99.86
CertainTeed Corporation	USA	100.00
■ Building Materials Distribution		
Sanitaire et Matériaux	France	74.78
Lapeyre	France	74.78
Point P SA	France	100.00
Raab Karcher GmbH	Germany	100.00
Saint-Gobain Building Distribution Ltd	United Kingdom	100.00
■ Pipe		
Saint-Gobain Pam SA	France	100.00
Saint-Gobain Gussrohr KG	Germany	100.00
Saint-Gobain Rohrsysteme GmbH	Germany	100.00
Saint-Gobain Pipelines Plc	United Kingdom	99.96
Saint-Gobain Pipe Systems Plc (SGPS)	United Kingdom	99.96

Report of the Statutory Auditors and contractual Auditor

on the consolidated financial statements

For the year ended December 31, 2000

To the Shareholders of Compagnie de Saint-Gobain

As auditors of your Company appointed by the annual general meeting we have audited the consolidated balance sheets of Compagnie de Saint-Gobain and its subsidiaries ("the Company") as of December 31, 2000, 1999 and 1998 and the related consolidated statements of income and cash flows set out on pages 61 to 91 for each of the three years in the period ended December 31, 2000.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Compagnie de Saint-Gobain and its subsidiaries as of December 31, 2000, 1999 and 1998 and the results of their operations and cash flows for each of the three years in the period ended December 31, 2000, in accordance with accounting principles generally accepted in France.

Without qualifying the opinion expressed above, we draw your attention to note 1, which describes a change in the method of accounting for pensions and other post-retirement benefits.

We have also reviewed the information given in the Group's management report. We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

Paris, March 29, 2001

The Statutory Auditors

Befec – Price Waterhouse
Member of PricewaterhouseCoopers

Mike MORALEE   Christian MARCELLIN

S.E.C.E.F.

Jacques TENETTE

The Contractual Auditor
PricewaterhouseCoopers London
Southwark Towers
32 London Bridge Street
London SE1 9SY

Financial Statements of Compagnie de Saint-Gobain (Parent company)

Income statement

In thousands of euros

	2000	1999	1998
Income from trade investments	672,598	592,409	483,524
Income from related receivables (1)	24,061	17,578	40,121
Interest expense (1)	(570,736)	(331,411)	(291,700)
Other financial income (expense)	(4,193)	(139)	10,747
Financial result (note 2)	121,730	278,437	242,692
Other operating income (expense)	(5,831)	(8,196)	(8,488)
Trading result	115,899	270,241	234,204
Exceptional items (note 3)	945,176	339,828	444,911
Income tax (note 4)	(46,464)	(36,209)	(85,228)
Net income	1,014,611	573,860	593,887

Analysis of the income statement

1 - Income from trade investments

In thousands of euros

	2000	1999	1998
Income from investments	157,960	342,043	271,208
Income from related receivables and loans	514,638	250,366	212,316
Total	672,598	592,409	483,524

2 - Income from marketable securities

In thousands of euros

	2000	1999	1998
Interest income (1)	20,677	11,420	33,988
Net income from sale of marketable securities	3,384	6,158	6,133
Total	24,061	17,578	40,121

3 - Interest expense

In thousands of euros

	2000	1999	1998
Non-voting participating securities	29,221	25,120	25,485
Other interest expense (1)	541,515	306,291	266,215
Total	570,736	331,411	291,700

(1) To present financial income and expense more clearly, financial income from off-balance sheet instruments is deducted from expenses on the hedged item. This presentation method had the effect of reducing expenses by € 158,728 thousand in 2000, € 143,749 thousand in 1999 and € 127,216 thousand in 1998.

4 - Other financial income (expense)

In thousands of euros

	2000	1999	1998
Income from long-term assets	83	106	98
Amortization and provisions	(2,870)	(639)	(127)
Exchange (losses) gains, net	(1,406)	394	10,776
	(4,193)	(139)	10,747

5 - Other operating income (expense)

In thousands of euros

	2000	1999	1998
Other operating income			
■ Group	136,718	102,798	96,362
■ Outside the Group	8,317	15,908	10,735
Total	145,035	118,706	107,097
Other operating expense			
■ Personnel expenses	(40,722)	(35,009)	(34,791)
■ Other	(109,571)	(91,871)	(80,772)
Total	(150,293)	(126,880)	(115,563)
Share in losses of joint ventures	(573)	(22)	(22)
Net	(5,831)	(8,196)	(8,488)

6 - Exceptional items

In thousands of euros

	2000	1999	1998
Exceptional income			
■ From revenue transactions	50,137	18,970	24,892
■ From capital transactions	2,836,863	420,749	1,248,046
■ Write-back of provisions	732	28,220	14,156
Total	2,887,732	467,939	1,287,094
Exceptional expense			
■ From revenue transactions	7,567	10,939	3,267
■ From capital transactions	1,914,807	103,476	801,412
■ Amortization and provisions	20,182	13,696	37,504
Total	1,942,556	128,111	842,184
Net exceptional income	945,176	339,828	444,911

Balance sheet at December 31

In thousands of euros

	2000			1999	1998
ASSETS	**Gross**	**Depreciation**	**Net**		
LONG-TERM ASSETS					
Intangible assets (note 5)					
Goodwill [1]	567	386	181	204	227
Other intangible assets	21,513	11,805	9,708	3,505	5,287
In progress	6,958	–	6,958	8,053	3,283
Property and equipment (note 6)					
Land	620	–	620	620	1,135
Buildings	487	214	273	283	303
Other assets	11,024	7,619	3,405	2,805	2,455
In progress	–	–	–	85	–
Financial investments [2] (note 7)					
Trade investments	7,344,758	6,012	7,338,746	7,611,340	7,047,039
Investment-related receivables	6,298,655	–	6,298,655	3,389,321	2,037,700
Other investments	112,478	12,110	100,368	356,207	350,542
Loans	771,043	731	770,312	1,011,930	942,519
Other financial investments	1,062	–	1,062	1,186	1,200
TOTAL I	**14,569,165**	**38,877**	**14,530,288**	**12,385,539**	**10,391,690**
CURRENT ASSETS (note 8)					
Other receivables [3]	159,442		159,442	176,525	58,623
Marketable securities	73,061		73,061	89,553	168,634
Bank and cash balances	2,686,665		2,686,665	1,689,461	1,554,444
Prepayments [3]	**18,102**		**18,102**	**24,159**	**20,156**
TOTAL II	**2,937,270**	**–**	**2,937,270**	**1,979,698**	**1,801,857**
Deferred charges **TOTAL III**	**2,868**		**2,868**	**2,504**	**254**
Translation adjustments Assets **TOTAL IV**	**–**	**–**	**–**	**–**	**–**
TOTAL	**17,509,303**	**38,877**	**17,470,426**	**14,367,741**	**12,193,801**
(1) Including leasehold rights			–	–	–
(2) Of which less than one year			*4,064,129*	*2,654,407*	*1,879,447*
(3) Of which over one year			*5,206*	*7,021*	*9,228*

In thousands of euros

LIABILITIES AND SHAREHOLDERS' EQUITY		2000	1999	1998
SHAREHOLDERS' EQUITY (note 9)				
Share capital		1,363,412	1,395,788	1,376,550
Share premiums		2,133,617	2,511,575	3,042,472
Reserve for revaluation of assets		56,213	56,797	206,509
Reserves:				
■ Legal reserve (1)		136,341	139,579	137,655
■ Untaxed reserves		1,601,019	1,076,532	698,859
■ Other reserves		106,415	106,415	106,415
Unappropriated retained earnings		441,402	679,761	569,644
Net income for the year		1,014,611	573,860	593,887
Untaxed provisions (note 11)		6,568	6,495	6,440
	TOTAL I	**6,859,598**	**6,546,802**	**6,738,431**
OTHER EQUITY (note 10)				
Non-voting participating securities	**TOTAL I bis**	**391,034**	**391,034**	**391,033**
PROVISIONS FOR CONTINGENCIES AND CHARGES (note 11)				
Provisions for contingencies		431,362	412,763	440,539
Provisions for charges		9,061	7,646	6,645
	TOTAL II	**440,423**	**420,409**	**447,184**
DEBTS (2) (note 12)				
Other bonds		301,894	356,911	125,875
Bank loans (3)		1,703,986	471,753	478,339
Other loans		7,460,958	5,857,235	3,883,481
Taxes and social charges payable		118,781	23,736	88,035
Other debts		192,091	296,703	37,562
Deferred income (2)		**1,661**	**3,158**	**3,861**
	TOTAL III	**9,779,371**	**7,009,496**	**4,617,153**
Translation adjustments–Liabilities	**TOTAL IV**	**–**	**–**	**–**
TOTAL		**17,470,426**	**14,367,741**	**12,193,801**
(1) Of which reserve for long-term capital gains		*14,225*	*14,225*	*14,225*
(2) Over one year		*5,266,308*	*3,518,468*	*2,190,729*
Less than one year		*4,513,063*	*3,491,028*	*2,426,424*
(3) Of which short-term bank loans and overdrafts		*357,882*	*87,996*	*285,964*

Statements of cash flows

In thousands of euros

	2000	1999	1998
Net income	**1,014,611**	**573,860**	**593,887**
Depreciation and amortization	7,088	4,234	4,161
Changes in provisions	19,349	(13,885)	23,308
(Gains) losses on sales of non-current assets	(921,902)	(317,274)	(446,634)
Cash flow from operations	**119,146**	**246,935**	**174,722**
(Increase) decrease in other receivables	19,906	(124,794)	(5,249)
Increase (decrease) in taxes and social charges payable	95,045	(64,299)	63,696
Increase (decrease) in other debts	(106,109)	258,427	(144,056)
Net change in working capital	**8,842**	**69,334**	**(85,609)**
Cash flows from operating activities	**127,988**	**316,269**	**89,113**
Acquisitions of intangible assets	(8,119)	(6,143)	(3,232)
Purchases of fixed assets	(1,727)	(1,551)	(1,723)
Disposals of fixed and intangible assets	79	557	4,034
Acquisitions of trade investments	(1,636,699)	(589,814)	(780,913)
Purchases of treasury stock	(376,173)	(715,040)	(344,181)
Disposals of trade investments and other investments	2,836,784	420,192	1,244,012
(Increase) decrease in investment related receivables	(2,909,334)	(1,351,621)	(292,439)
(Increase) decrease in long-term loans	241,618	(69,413)	(110,716)
(Increase) decrease in other financial investments	124	17	(447)
Net cash used for investing activities/divestments	**(1,853,447)**	**(2,312,816)**	**(285,605)**
Issue of share capital	212,964	135,529	105,137
Dividends paid	(300,916)	(281,587)	(251,647)
Increase (decrease) in unappropriated retained earnings	13,184		
Increase (decrease) in reserves for revaluation of assets			(202)
Increase (decrease) in other equity			(8,430)
Increase (decrease) in long-term debt	2,309,553	1,570,054	497,981
Increase (decrease) in bank overdrafts and other short-term debt	471,386	628,152	613,864
Increase (decrease) in marketable securities	16,492	79,416	121,276
Net cash provided by financing activities	**2,722,663**	**2,131,564**	**1,077,979**
Increase (decrease) in cash and cash equivalents	**997,204**	**135,017**	**881,487**
Cash and cash equivalents at beginning of year	1,689,461	1,554,444	672,957
Cash and cash equivalents at end of year	**2,686,665**	**1,689,461**	**1,554,444**

Notes to the Parent Company financial statements

The financial statements of Compagnie de Saint-Gobain, which were previously presented in French francs, have been presented in euros since 1999. In 1998, the financial statements were initially prepared in French francs and then translated into euros using the official exchange rate of FF 6.55957 per euro set on January 1, 1999.
The financial statements cover the twelve-month period from January 1 to December 31, 2000.
The following notes form an integral part of the annual financial statements.
The financial statements were approved by the Board of Directors on March 29, 2001.

Note 1 – Accounting principles and methods

The financial statements of Compagnie de Saint-Gobain have been drawn up in accordance with French generally accepted accounting principles.
The presentation of the income statement has been adapted to the activity of Compagnie de Saint-Gobain which is a holding company.
The principle of consistent application of accounting principles from the previous year has been complied with, except for a change in the method used to account for the operations of the German branch, which was modified on January 1, 1999 as described below.
The financial statements of the German branch are included in those of Compagnie de Saint Gobain's head office.
Up to December 31, 1998, the book value of the assets of the German branch was translated from German marks into French francs using the historical rate applicable at the date of acquisition, as the branch was not regarded as autonomous.
As a result of the changeover to the euro on January 1, 1999, the German branch is now considered as an autonomous branch. As a result, its intangible assets, fixed assets and trade investments, as well as the related depreciation, amortization and provisions are translated directly from German marks into euros, by application of the fixed parity (DM 1.95583 for € 1).
Further, the revaluation of the trade investments of the German branch carried out in 1976 has been canceled.
The other balance sheet items had been translated from German marks to French francs at December 31, 1998 using the above fixed parity. As a result, the changeover to the euro on January 1, 1999 did not lead to any translation adjustment.

Intangible assets

Assigned goodwill not covered by any form of legal protection is amortized over twenty-five years. Other intangible assets are amortized over three years, except for an initial allocation of funds to the corporate Foundation, the Saint-Gobain Center for Economics Research, which is amortized over five years.

Property and equipment

Property and equipment are stated at cost (purchase price plus related costs except for expenses incurred on acquisition) except for assets acquired prior to December 31, 1976, which have been revalued.
Depreciation is based on the estimated useful life of the related asset using the straight-line or reducing balance method. The most commonly used useful lives are as follows:

Buildings	40 years	Straight-line
Improvements and additions	12 years	Straight-line
Installations and fittings	5 or 12 years	Straight-line
Furniture and fixtures	10 years	Straight-line
Office equipment	5 years	Straight-line
Vehicles	4 years	Straight-line
Computer equipment	3 years	Straight-line or reducing-balance

Financial investments - trade and other

The gross value represents cost excluding expenses.
The book value of investments in holding companies is assessed based on revalued net assets. Provisions for impairment in value are generally recorded or written back based on the average of the values obtained between revalued net assets of the company concerned and capitalized average net cash flows. Increases and write-backs of provisions for investments are included in exceptional items.

Marketable securities

These are represented mainly by mutual funds (SICAV) and unit trusts. They are carried at the lower of cost and market value.

Receivables

Receivables are carried at their nominal value. A provision for impairment in value is made when their estimated value is below nominal value.

Operations in foreign currencies

Revenues and expenses in foreign currencies are recorded at the local currency equivalent at the date of the transaction. Receivables and payables which are hedged are recorded in the balance sheet at the hedging rate. Other receivables, payables and bank balances in foreign currencies, as well as the instruments used to hedge them, are converted at the closing rate or at the fixed final parity of euro zone currencies and the related exchange differences are recorded in the balance sheet under "Translation adjustments". Provision is made for unrealized exchange losses which are not hedged.

Financial instruments

Compagnie de Saint-Gobain manages, mainly on behalf of its subsidiaries, the hedging of foreign exchange and interest rate risks which result from the international activities of the Group.
Liquidity risk is also managed by Compagnie de Saint-Gobain. This risk is not material.
Market risk concerns only investments held for strategic purposes.
The main financial instruments used to hedge foreign exchange risks are forward purchase and sale contracts, swaps and options. Hedged receivables and payables are recorded in the balance sheet at the hedging rate. Unrealized gains or losses on financial instruments used to hedge the above positions are recorded in the income statement. The premiums paid or received on foreign currency options are marked to market at the year end. Unrealized losses on options used to hedge an economic risk which is not specifically identified are recognized in the income statement. Unrealized gains are not taken into account.
Compagnie de Saint-Gobain uses interest-rate swaps, interest-rate swaptions, caps, floors and forward rate agreements to hedge its exposure to increases in interest rates. Income and expenses related to interest-rate swaps are recognized on a symmetrical basis with the income and expenses on the hedged items. Interest-rate option premiums are amortized on a straight-line basis over the shorter of the period between the purchase and maturity of the option and the period between the purchase and maturity of the underlying item.

Consolidated tax agreements

Compagnie de Saint-Gobain is assessed for income tax on its consolidated fiscal income as provided for under Article 209 *quinquies* of the Code Général des Impôts and it also applies the integrated tax (Intégration Fiscale) system as provided for under Articles 223 A *et seq.* of the Code Général des Impôts. An application for renewal of the authorization covering 1998 through 2000 has been made for the years 2001 to 2003.
The tax charge of Compagnie de Saint-Gobain includes its own tax liability as well as that resulting from the consolidated fiscal income of its tax group.
Provision is made for the income tax benefit to be transferred by Compagnie de Saint-Gobain to loss-making subsidiaries in the tax group when the subsidiaries concerned return to profit. Movements in this provision are recorded under exceptional items.

Note 2 – Net financial income

Net financial income declined by € 157 million due to the following:
- an increase of € 80 million in income from trade investments;
- an increase of € 234 million in interest income net of interest expense;
- a € 3 million decrease in net profits on sales of marketable securities.

Note 3 – Exceptional items

Exceptional income mainly includes income from revenue transactions of € 50 million, proceeds from disposals of € 2,837 million and write-backs of provisions for contingencies and impairment in value of € 0.7 million.
Exceptional expenses mainly correspond to expenses on revenue transactions of € 7 million, the net book value of sold assets of € 1,915 million and provisions of € 20 million, of which € 18.6 million in provisions for potential tax liabilities.

Note 4 – Income tax

Under the consolidated tax regime and the integrated tax systems, the income tax charge attributable to Compagnie de Saint-Gobain is estimated at € 46 million for the year ended December 31, 2000.
Compagnie de Saint-Gobain is required to credit to a special long-term capital gains reserve income taxed at the reduced rate of 19% recorded by the companies included in the integrated tax system. An amount of € 682 million will be added to the reserve in 2001, in respect of 2000 income.

Note 5 – Intangible assets

Intangible assets represent goodwill and other assets which are amortized over 3 years.

In thousands of euros

	Long-term assets				Depreciation			
	Gross at beginning of the year	Increase	Decrease	Gross at the end of the year	Accumu-lated at the beginning of the year	Increase	Decrease	Accumu-lated at the end of the year
Goodwill	567	–	–	567	363	23	–	386
Other intangible assets	12,299	9,214	–	21,513	8,794	3,011	–	11,805
In progress	8,053	7,652	(8,747)	6,958	–	–	–	–
Total	20,919	16,866	(8,747)	29,038	9,157	3,034	0	12,191

Note 6 – Property and equipment

In thousands of euros

	Long-term assets				Depreciation			
	Gross at beginning of the year	Increase	Decrease	Gross at the end of the year	Accumu-lated at the beginning of the year	Increase	Decrease	Accumu-lated at the end of the year
Land	620	–	–	620	–	–	–	–
Buildings	487	–	–	487	204	10	–	214
Other assets	9,681	1,813	(470)	11,024	6,876	1,174	(431)	7,619
In progress	85	1,665	(1,750)	0	–	–	–	–
Total	10,873	3,478	(2,220)	12,131	7,080	1,184	(431)	7,833

Note 7 – Financial investments

In thousands of euros

	Long-term assets			
	Gross at beginning of the year	Increase	Decrease	Gross at the end of the year
Trade investments	7,617,352	1,636,699	(1,909,293)	7,344,758
Investment related receivables	3,389,321	6,298,655	(3,389,321)	6,298,655
Other investments	368,471	376,172	(632,165)	112,478
Loans	1,012,661	770,310	(1,011,928)	771,043
Other financial investments	1,186	195	(319)	1,062
Total	12,388,991	9,082,031	(6,943,026)	14,527,996

Changes in trade investments

In thousands of euros

	Increase	Decrease
Share capital increase of Orchardflint Plc	1,440,169	
Share capital increase of Raab Karcher GmbH	194,600	
Share capital increase of SCI Ile-de-France	1,434	
Purchase of Poliet shares	401	
Purchase of Saint Gobain Isover G + H shares	95	
Sale of Orchardflint Plc shares to Poliet		(1,440,169)
Disposal of Essilor International shares		(413,345)
Partial disposal of Vivendi Universal shares		(54,569)
Disposal of Mexalit shares		(1,070)
Partial sale of Ruhrglas shares to Oberlandglas AG		(139)
Other		(1)
Total	1,636,699	(1,909,293)

Movements in other investments

In thousands of euros

	Increase	Decrease
Purchase of treasury stock	376,172	
Cancellation of treasury stock (decided at the Board Meetings of June 29 and November 16, 2000)		(626,536)
Other sales of shares		(5,629)
Total	376,172	(632,165)

Other financial investments

In thousands of euros

		Maturity	
	Gross	Under 1 year	Over 1 year
Investment related receivables	6,298,655	3,293,817	3,004,838
Loans (1)	771,043	770,312	731
Other	1,062	–	1,062
Total	7,070,760	4,064,129	3,006,631

(1) Loans granted in the year *770,310*
Loans repaid in the year *1,011,928*

Note 8 – Current assets

Current assets (€ 2,937 million) increased by € 958 million. This movement is mainly due to an increase in bank and cash balances of € 997 million and decreases in other receivables (€ 17 million), prepayments (€ 6 million) and marketable securities (€ 16 million).

Maturity of current assets

In thousands of euros

	Gross amount	Maturity Under 1 year	Over 1 year
Other receivables	159,442	159,442	–
Prepayments	18,102	12,896	5,206
Total	177,544	172,338	5,206

Note 9 – Shareholders' equity

Changes in shareholders' equity

In thousands of euros

	Amounts
Shareholders' equity before appropriation of net income for 1999	6,546,802
Distribution in 2000 of the dividend relating to 1999	(300,916)
Cancellation of 1998 dividend on 4,120,000 Compagnie de Saint-Gobain shares acquired between March 25, 1999, when the financial statements were approved by the Board of Directors, and June 29, 1999, when the dividend was paid	13,184
Capital increase reserved for employees (capital and premiums)	212,964
Reduction in share capital by cancellation of 4,068,565 shares (capital and premiums)	(626,536)
Other movements - revaluation surplus and untaxed provisions	(511)
Net income for 2000	1,014,611
Shareholders' equity before appropriation of net income for 2000	6,859,598

Movements in share capital

Par value at January 1, 2000: € 16 Par value at December 31, 2000: € 16	Number of shares	Amount in euros
Capital at the beginning of the year	**87,236,750**	**1,395,788**
Shares issued under the Group savings plan	1,956,224	31,300
Shares issued as a result of the exercise of stock subscription options granted in 1992, 1993, 1994, 1995 and 1996	88,854	1,421
Cancellation of shares (decided at the Board Meetings of June 29 and November 16, 2000)	(4,068,565)	(65,097)
Capital at the end of the year	85,213,263	1,363,412

Share premiums decreased by € 378 million as a result of the share issues and cancellations mentioned above, after taking into account related expenses and the € 3 million reduction in the legal reserve.

The reserve for revaluation of assets (€ 56 million) decreased by € 0.6 million, as a result of the disposal of Mexalit shares.

Following the adoption of the resolutions at the Shareholders' Annual Meeting of June 29, 2000 concerning the appropriation of 1999 earnings and the adjustment of the dividend paid for that year, retained earnings decreased by € 238 million and untaxed reserves increased by € 524 million to € 1,707 million.

Lastly, 2000 net income increased by € 441 million compared with 1999 income.

Stock option plans

Compagnie de Saint-Gobain has incentive stock option plans available to certain employees, and a Group Savings Plan ("PEG"), or employee stock purchase plan.

The stock option plans allow the Board of Directors to grant options which allow the holder to obtain Saint-Gobain shares at a price based on the average fair market value of the shares for the 20-day period preceding the date of grant. Discounts of 10% and 5% on this average price were granted in 1997 and 1998 respectively. Such discounts were discontinued in 1999.

Options vest over a period of two, three or five years with full vesting occurring at the end of the vesting period. The maximum period for exercising options is eight years, for options granted in 1998, or ten years, for options granted in 1999 and 2000, from the date of grant. Options are forfeited if the employee terminates employment with the Saint-Gobain Group. Since 1997, options to purchase shares in Compagnie de Saint-Gobain have been awarded and not, as in previous years, options to subscribe to new shares.

Transactions during 1998, 1999 and 2000 relating to stock options granted by Compagnie de Saint-Gobain are as follows:

In euros

	Shares	Average exercise price
Number of options outstanding at January 1, 1998	1,122,523	86.90
■ Options granted	321,995	118.15
■ Options exercised	(103,583)	68.78
Number of options outstanding at December 31, 1998	1,340,935	95.81
■ Options granted	437,725	162.53
■ Options exercised	(287,216)	77.22
Number of options outstanding at December 31, 1999	1,491,444	118.97
■ Options granted	679,125	150.75
■ Options exercised	(92,504)	79.07
■ Options forfeited	(3,459)	62.10
Number of options outstanding at December 31, 2000	2,074,606	131.24

At December 31, 1998, 1999 and 2000, 722,075, 618,279 and 522,316 options were exercisable at exercise prices ranging from € 78.41 to € 91.51. At December 31, 2000, 607,415 treasury shares were available for attribution on exercise of options.

The following table summarizes information about stock options outstanding at December 31, 2000:

Date of grant	Options exercisable			Non exercisable options		Total options outstanding	Type of options
	Exercise price (in euros)	Number of options	Average remaining contractual life in months	Exercise price (in euros)	Number of options	Number of options	
1993	66.30	18,676	11			18,676	Subscription
1994	81.56	29,820	21			29,820	Subscription
1995	70.13	88,455	35			88,455	Subscription
1996	85.68	211,295	47			211,295	Subscription
1997	113.88	174,070	59	113.88	113,445	287,515	Purchase
1998	118.15	0	71	118.15	321,995	321,995	Purchase
1999	162.53	0	107	162.53	437,725	437,725	Purchase
2000	150.75	0	119	150.75	679,125	679,125	Purchase
Total	–	522,316	–	–	1,552,290	2,074,606	–

Group Savings Plan (PEG) of Compagnie de Saint-Gobain

The employee stock purchase plan is open to all employees in France and in most European countries, excluding Essilor and its subsidiaries, who have completed a minimum of three months' service with the Group. The plan offers shares to eligible employees at a 20% discount from average fair market value of the shares for the 20-day period preceding the date of the meeting of the Board of Directors at which the Plan is set.

Employees can invest for a five or ten-year term. Over this period, employees may not sell their shares, barring exceptional circumstances.

Under the PEG, the Group sold 1,956,224, 1,174,234 and 965,392 shares to employees in 2000, 1999, and 1998, respectively, at an average price per share of € 106.00 in 2000, € 97.11 in 1999 and € 101.53 in 1998.

Note 10 – Other equity

Other equity (€ 391 million) corresponds to non-voting participating securities in French francs and in ecus issued between 1983 and 1988, which were converted into euros in 1999.

Note 11 – Provisions

Provisions

In thousands of euros

	Opening balance	Increase	Decrease	At year end
Untaxed provisions				
■ Reinvested capital gains	6,427	–	–	6,427
■ Other	68	73	–	141
	6,495	73	0	6,568
Provision for contingencies				
■ Provisions for potential tax liabilities (1)	406,284	18,599	–	424,883
■ Provisions for exchange losses	0	–	–	0
■ Other	6,479	–	–	6,479
	412,763	18,599	0	431,362
Provisions for charges				
■ Other	7,646	1,563	(148)	9,061
	7,646	1,563	(148)	9,061
Provisions for impairment in value				
■ Financial investments	19,007	–	(154)	18,853
■ Marketable securities	0	–	–	0
	19,007	–	(154)	18,853

(1) In connection with the integrated tax system and consolidated tax regime, € 18.6 million were allocated to the provision for potential tax liabilities to cover amounts that will be repayable to loss-making subsidiaries when they return to profit.

Note 12 – Debts

Debts (€ 9,779 million) increased by € 2,770 million mainly due to new loans and credit lines set up primarily to finance subsidiaries.

This increase is offset by a € 2,909 million rise in investment related receivables.

Debt maturity

In thousands of euros

		Maturity	
	Gross amount	Under 1 year	Over 1 year
Other bonds (1)	301,894	6,769	295,125
Bank loans (1) - (2)	1,703,986	1,306,189	397,797
Other loans (1) - (3)	7,460,958	3,641,611	3,819,347
Taxes and social charges payable	118,781	118,781	
Other debts (3)	192,091	192,091	
Deferred income	1,661	867	794
Total debt (4)	9,779,371	5,266,308	4,513,063
(1) Loans obtained in the year	*3,816,277*		
Loans repaid in the year	*1,035,338*		
(2) of which: two years or less at inception	*1,272,922*		
over two years at inception	*431,064*		
(3) Due to partners	*–*		
(4) Debts maturing after 5 years	*2,014,069*		

Loans

In thousands of euros

	2000	1999	1998
Portion of long-term debt			
Due between January 1 and December 31:			
■ 2000	–	–	270,292
■ 2001	–	345,469	342,703
■ 2002	615,040	423,303	369,642
■ 2003	210,293	240,783	194,783
■ 2004	372,861	357,480	89,816
■ 2005	1,300,082	129,582	–
■ 2006	98,252	–	–
Due between 6 and 10 years	1,881,035	1,889,589	793,402
Due beyond 10 years	–	–	–
Unspecified	34,706	103,155	127,423
Total long-term debt	4,512,269	3,489,361	2,188,060
Short-term portion of long-term debt	**1,652,616**	**365,971**	**97,218**
Total long-term debt (including short-term portion)	6,164,885	3,855,332	2,285,278

Other short term loans

In thousands of euros

	2000	1999	1998
Treasury notes (in euros)	92,000	519,500	240,869
Euro Commercial Paper (in pounds sterling)	152,860	–	–
Euro Commercial Paper (in US dollars)	161,204	251,344	124,277
US Commercial Paper (in US dollars)	516,926	512,642	341,917
Group loans	1,998,615	1,032,704	1,192,514
Bank overdrafts and other short-term loans	357,882	497,231	285,964
Other	22,466	17,146	16,875
Total other short-term loans	3,301,953	2,830,567	2,202,417
TOTAL LOANS	9,466,838	6,685,899	4,487,695

Loans by currency are as follows:

In thousands of euros

	2000	1999	1998
Euros	4,380,145	2,988,520	2,026,505
US dollars	770,961	602,680	258,773
Swiss francs	269,061	264,132	–
Pounds sterling	744,718	–	–
Total	6,164,885	3,855,332	2,285,278

Note 13 – Information concerning related companies and investments

In thousands of euros

	Net amount concerning			
	Related companies	Companies in which the Company has a direct holding	Other	Net amount in the balance sheet
Trade investments	7,029,030	309,716	–	7,338,746
Investment-related receivables	6,295,889	2,766	–	6,298,655
Other investments	99,881	–	487	100,368
Loans	490,655	222,099	57,558	770,312
Other receivables	66,439	556	92,447	159,442
Bank and cash balances	1,710,782	930,221	45,662	2,686,665
Other bonds			301,894	301,894
Bank loans			1,703,986	1,703,986
Other loans	4,565,914	1,173,258	1,721,786	7,460,958
Other debts	824	3,386	187,881	192,091

Note 14 – Investment portfolio

In thousands of euros

	Country	Net book value	% of capital held	Number of shares
Spafi	France	2,726,540	100.00	116,289,805
Poliet	France	2,405,712	100.00	27,813,420
Vertec	France	491,039	100.00	8,008,999
Raab Karcher GmbH	Germany	194,600	100.00	100,000,000
Vivendi Universal	France	168,004	1.14	12,314,927
Saint-Gobain Glass Benelux SA	Belgium	160,880	88.69	1,667,698
Saint-Gobain Isover G+H AG	Germany	153,669	99.88	3,196,296
International Saint-Gobain	Switzerland	153,409	96.50	221,950
Saint-Gobain Vetrotex Deutschland GmbH	Germany	152,967	99.00	44,550,000
BNP Paribas	France	131,680	0.77	3,455,584
São Lourenço	Brazil	109,559	99.91	3,617,581
Cie de Saint-Gobain (Treasury stock to be cancelled)	France	99,881	0.87	742,533
Saint-Gobain Glass Deutschland GmbH	Germany	86,660	60.00	119,999,970
Saint-Gobain Autoglas GmbH	Germany	72,833	60.00	120,000,000
Saint-Gobain Emballage	France	61,553	20.52	331,966
Saint-Gobain Schleifmittel-Beteiligungen GmbH	Germany	61,151	100.00	20,000,000
SEPR	France	56,571	25.73	407,600
Société Financière des Miroirs	France	45,735	100.00	2,999,994
Saint-Gobain Vidros SA	Brazil	40,557	33.94	72,962,298
Saint-Gobain Pam	France	30,732	8.10	360,254
Saint-Gobain Nederland	The Netherlands	13,621	100.00	66,100
Valfix Finanz A.G.	Switzerland	8,838	100.00	11,400
Various property companies		3,428		
Various French companies		3,888		
Various foreign companies		5,607		
		7,439,114		
Analysis				
Trade investments		7,338,746		
Other securities		100,368		
		7,439,114		

Note 15 – Stock market value of investments held in French companies

In thousands of euros

	(based on the stock market price at December 29, 2000)
Vivendi Universal	863,276
BNP Paribas	323,097

Note 16 – Information on direct holdings of the Parent company where book value is over 1% of capital

In thousands of euros or other currency

Company	Capital	Reserves	% of capital held	Book value of capital held Gross	Book value of capital held Net	Loans or advances made by the company	Guarantees given by the company	2000 sales	2000 Net income (loss)	Dividends received by the company in 2000
1 - SUBSIDIARIES (At least 50% of the capital held by Compagnie de Saint-Gobain)										
Spafi 18, avenue d'Alsace F - 92400 Courbevoie	EUR 1,860,637	EUR 1,211,355	100.00	2,726,540	2,726,540	46,031		–	EUR 127,993	
Poliet 18, avenue d'Alsace F - 92400 Courbevoie	EUR 222,507	EUR 1,262,197	100.00	2,405,712	2,405,712	1,235,623		EUR 6,904	EUR (64,080)	
Vertec 18, avenue d'Alsace F - 92400 Courbevoie	EUR 128,144	EUR 412,753	100.00	491,039	491,039			–	EUR 95,480	104,117
Raab Karcher GmbH Viktoria - Allee 3-5 D-52066 Aachen	EUR 100,000	EUR 94,600	100.00	194,600	194,600	192,431		EUR 142,276	EUR (64,335)	
Saint-Gobain Glass Benelux SA Rue des Glaces Nationales B-5060 Sambreville	EUR 70,900	EUR 87,334	88.69	160,880	160,880	254,446		EUR 139,471	EUR 2,163	6,004
Saint-Gobain Isover G+H AG 1 Burgermeister-Grunzweig Strasse D-67059 Ludwigshafen	DEM 160,378	DEM 22,084	99.88	153,669	153,669			DEM 703,096	DEM 102,085	
International Saint-Gobain 10, rue Saint-Pierre CH-1700 Fribourg	CHF 230,000	CHF 251,137	96.50	153,409	153,409			–	CHF 50,486	28,239
Saint-Gobain Vetrotex Deutschland GmbH Bicheroux Strasse 61 D-52134 Herzogenrath	DEM 45,000	DEM 260,139	99.00	152,967	152,967			DEM 200,697	DEM 25,278	
São Lourenço Administradora 482, avenida Santa Marina Agua Branca 05036-903 São Paulo-SP (Brazil)	BRL 175,654	BRL 93,407	99.91	109,559	109,559			-	BRL 30,033	
Saint-Gobain Glass Deutschland GmbH Viktoria - Allee 3-5 D-52066 Aachen	EUR 102,258	EUR 32,899	60.00	86,660	86,660	271,268		EUR 353,695	EUR 10,954	
Saint-Gobain Autoglas GmbH Viktoria - Allee 3-5 D-52066 Aachen	EUR 102,258	EUR 19,130	60.00	72,833	72,833			–	EUR 20,581	
Saint-Gobain Schleifmittel-Beteiligungen GmbH Viktoria - Allee 3-5 D-52066 Aachen	EUR 10,226	EUR 50,925	100.00	61,151	61,151			-	EUR 3,080	
Société Financière des Miroirs 18, avenue d'Alsace F - 92400 Courbevoie	EUR 45,750	EUR 1,249	100.00	45,735	45,735		7	–	EUR 1,189	780
2 - INVESTMENTS HELD (10 to 50% of share capital held by Compagnie de Saint-Gobain)										
Saint-Gobain Emballage 18, avenue d'Alsace F - 92400 Courbevoie	FRF 275,067	FRF 2,279,603	20.52	61,553	61,553	46,066		FRF 3,722,258	FRF 550,665	17,142
SEPR 18, avenue d'Alsace F - 92400 Courbevoie	FRF 498,745	FRF 225,938	25.73	56,571	56,571	98,957		FRF 1,426,387	FRF 68,212	1,963
Saint-Gobain Vidros SA 482, avenida Santa Marina Agua Branca 05036-903 São Paulo-SP (Brazil)	BRL 420,000	BRL 238,734	33.94	40,557	40,557			BRL 544,942	BRL 65,012	2,130
3 - OTHERS										
Subsidiaries at least 50% owned										
■ Total French companies				6,938	6,938	38				803
■ Total foreign companies				27,143	25,703		3,607,353			1,800
Holdings of between 10 and 50%										
■ Total French companies				0	0					
■ Total foreign companies				5,296	723					
Others				444,424	432,315	147,219				23,760
TOTAL				7,457,236	7,439,114	2,292,079	3,607,360			186,738

Note 17 – Financial commitments excluding leases

In thousands of euros

Commitments given	Amount
Guarantees (1)	3,628,804
Pensions (2)	34,264
Other commitments:	
■ With joint ventures	10,147
Total	3,673,215
(1) Including: consolidated companies	*3,607,360*

(2) The amount in respect of pensions includes commitments for retirement indemnities and supplementary in-house funding. Pension obligations are determined by actuarial valuations using a method based on projected salaries to the end of employment (the projected unit credit method).

In thousands of euros

Commitments received	Amount
Other commitments received:	
■ Debt waivers with a clawback clause	3,689
Total	3,689
Including: other investments	*3,689*

Commitments for financial instruments concerning foreign currency risks are as follows:

In thousands of euros or other currency

		Amount
Equivalent in euros of forward purchases and sales of foreign exchange	EUR	157,542
Purchase options	USD	120,000
Sale options	USD	120,000
Foreign exchange swaps	EUR	3,485,467

Commitments for financial instruments concerning interest rate risks are as follows:

In thousands of euros

Concerning interest rate risk	Amount
Swaps–borrowers at fixed rates/variable rate	984,492
Swaps–lenders at fixed rates/variable rate	788,014
Swaps–variable rate/variable rate	236,462
Swaps–fixed rate/fixed rate	53,357
Cross-currency swaps–borrowers at fixed rates/variable rate	553,917
Cross-currency swaps–borrowers at variable rates/fixed rate	294,265
Variable rate/variable rate cross-currency swaps	10,583
Fixed rate/fixed rate cross-currency swaps	537,346
Caps purchased/sold, net	194,790
Swaps on raw materials–Borrowers	18,031
Swaps on raw materials–Lenders	18,031

The face value amount of commitments given and received in the form of interest-rate swaptions and early repayments of borrowings amounted to € 460 million and € 257 million.

Note 18 – Lease commitments

In thousands of euros

	Head Office
Cost	80,798
Depreciation:	
■ Accumulated at the beginning of the year	4,271
■ Charge for the year	1,464
Total	5,735
Installments paid:	
■ Accumulated at the beginning of the year	26,153
■ Paid during the year	9,076
Total	35,229
Installments to be paid:	
■ Under 1 year	8,975
■ Between 1 and 5 years	35,902
■ Over 5 years	27,699
Total	72,576
Residual values:	
■ Under 1 year	–
■ Between 1 and 5 years	–
■ Over 5 years	12,120
Total	12,120

Note 19 – Employees

Weighted average number of employees

Excluding the German branch	2000	1999	1998
Managers	165	152	147
Supervisors	73	73	73
Other employees	11	14	14
Total	249	239	234
Of which fixed-term contracts	*8*	*6*	*6*

Remuneration of Directors and Corporate officers

The total direct and indirect gross remuneration received in 2000 from Group companies by Corporate Officers amounts to € 12.6 million, against € 11.7 million in 1999 and € 11.0 million in 1998. The gross variable portion included in these remunerations came to € 5.2 million in 2000, € 4.3 million in 1999 and € 3.2 million in 1998.
Attendance fees paid to Directors for 2000 amounted to € 0.3 million (1999: € 0.3 million, 1998: € 0.3 million).

Note 20 – Litigation

In 2000, new legal proceedings were initiated by former employees of the fiber-cement operations of Everite and Pont-à-Mousson in France, for asbestos-related occupational diseases, adding to those undertaken since 1997. At December 31, 2000, 253 lawsuits had been filed, with the aim of obtaining supplementary compensation over and above the payment of medical bills related to these occupational diseases by Social Security funds.
At that date, 31 complaints were undergoing an administrative review by Social Security authorities, 74 lawsuits were awaiting hearings before the Social Security Affairs Court and 113 before the Appeals Court, while 35 cases had been heard by an Appeals Court.
The 35 Appeals Court rulings all held the employer liable on the grounds of inexcusable fault, but the company concerned has lodged a further appeal before the Supreme Court of Appeal.
In 23 of the 35 rulings, the Social Security administration was ordered to pay the cost of compensation to the victims due to a breach of procedure.
In the remaining 12 cases, the employer has been ordered to pay compensation. In nine of these cases, the amount of compensation has not yet been set. In the other three, the total compensation paid is less than € 0.4 million.
In addition, at December 31, 2000, the number of individual suits filed by employees of other French companies in the Group than those previously cited who had used asbestos heat-protection equipment rose to 26. To date, a final ruling has been handed down in only one of these cases. In this case, the Social Security Affairs Court of Beauvais did not find the employer liable. The Social Security Affairs Court held the employer liable in ten other cases on the grounds of inexcusable fault. Appeals were lodged in all ten cases. In one case, the ruling was overturned on appeal. The other nine are awaiting judgement. The other 15 cases are currently either undergoing administrative review or are pending before the court.
The Social Security funding law for 2001 provides for the creation of a fund to be used to pay full compensation to persons determined to be suffering from occupational diseases caused by asbestos as well as all persons harmed by exposure to asbestos on French soil. Any person who claims and receives compensation from the fund will be barred from taking legal action to obtain other compensation on the same grounds. The fund will then take action against the party responsible for the asbestos contamination to recover the compensation paid. Procedures for applying this law will be set by a decree which has not yet been issued.
In the United States, CertainTeed and two other Group companies that once manufactured fiber-cement and specialized insulation products are facing legal action, along with many other non-Group manufacturers, distributors and installers of products containing asbestos.
In 2000, CertainTeed joined an organization known as the Center for Claims Resolution (CCR), which by the end of the year included twelve respondents to legal action (two organization members having filed for bankruptcy during the year). CCR organizes the court defense of respondent companies. Damages awards and negotiated out-of-court settlements are allocated among the organization members on a mutually-agreed basis and settled by their insurers or directly by the companies concerned in cases where they were not adequately covered. CertainTeed has booked a $10 million provision for potential costs in excess of the amounts covered by insurance or for possible failure by its insurers to effect settlement.
Since February 1, 2001, CertainTeed has undertaken its own defense of legal actions brought against it and will pay any related costs directly.
Although the Group cannot pre-judge the full legal impact of current lawsuits and appeals regarding claims stemming from the use of asbestos by some Group companies, bearing in mind the diversity of the various cases and of the rulings of different courts, Compagnie de Saint-Gobain considers that it does not incur any significant risks on these grounds.

Note 21 – Recommended appropriation of income

In thousands of euros

		Amount
Sources		
Unappropriated retained earnings at Dec. 31, 2000 (1)		441,402
Net income for the year		1,014,611
Appropriations		
Appropriations to reserves:		
■ Untaxed reserves:		
Long term capital gains reserve	672,479	
Dividends (2)	357,311	
Unappropriated retained earnings	426,223	
Total	1,456,013	1,456,013

(1) Includes the € 3,889 thousand adjustment of the 1999 dividend corresponding to dividends on the 1,080,200 treasury shares purchased between March 30, 2000, date of the Meeting of the Board of Directors to approve the financial statements, and July 3, 2000, when payment of the dividend began.

(2) Calculated on the basis of 83,095,616 shares, corresponding to the 85,213,263 shares outstanding, less 2,117,647 treasury shares held on March 26, 2001 which are stripped of dividend rights.

Financial data for the last five years

In thousands of euros

	2000	1999	1998	1997	1996
1 - Share capital at year-end					
Share capital	1,363,412	1,395,788	1,376,550	1,360,254	1,320,852
Number of common shares issued	85,213,263	87,236,750	90,295,788	89,226,813	86,642,216
2 - Operations and results for the year					
Sales excluding taxes (1)	138,313	113,942	106,618	98,932	88,437
Net income before tax, depreciation and provisions	1,087,460	600,175	706,362	355,896	199,544
Income tax	(46,464)	(36,209)	(85,228)	(22,867)	–
Net income after tax, depreciation and provisions	1,014,611	573,860	593,887	449,593	317,018
Distribution – Dividends	357,311 (2)	300,916 (3)	268,403 (4)	251,647	224,545
3 - Earnings per share *(in euros)*					
Net income before tax, depreciation and provisions	12.76	6.88	7.82	3.99	2.30
Net income after tax, depreciation and provisions	11.91	6.58	6.58	5.04	3.66
Net dividend per share	4.30	3.60	3.20	2.82	2.59
4 - Personnel (5)					
Average number of employees during the year	249	239	234	232	231
Total payroll cost for the year	20,525	19,066	18,769	19,652	16,907
Social charges	11,330	9,139	8,338	8,313	7,731

(1) Represents royalties and other services.

(2) Calculated on the basis of 83,095,616 shares, corresponding to the 85,213,263 shares outstanding, less 2,117,647 treasury shares held on March 26, 2001 which are stripped of dividend rights.

(3) Includes a € 3,889 thousand adjustment for the 1,080,200 treasury shares acquired between March 30, 2000, date of the Meeting of the Board of Directors to approve the financial statements, and July 3, 2000, when payment of the dividend began.

(4) Includes a € 13,184 thousand adjustment for the 4,120,000 treasury shares acquired between March 25, 1999, date of the Meeting of the Board of Directors to approve the financial statements, and June 29, 1999, when payment of the dividend began.

(5) Personnel figures exclude the German branch.

Key figures in French francs and euros

1 - Income statement

	In thousands of French francs			*In thousands of euros*		
	2000	1999	1998	2000	1999	1998
Income from trade investments	4,411,954	3,885,948	3,171,708	672,598	592,409	483,524
Financial result	798,496	1,826,427	1,591,955	121,730	278,437	242,692
Trading result	760,248	1,772,665	1,536,278	115,899	270,241	234,204
Exceptional result	6,199,948	2,229,126	2,918,423	945,176	339,828	444,911
Net income	6,655,412	3,764,275	3,895,645	1,014,611	573,860	593,887

2 - Balance sheet

	In thousands of French francs			*In thousands of euros*		
	2000	1999	1998	2000	1999	1998
Share capital	8,943,396	9,155,769	9,029,579	1,363,412	1,395,788	1,376,550
Shareholders' equity	44,996,013	42,944,206	44,201,210	6,859,598	6,546,802	6,738,431
Financial debt	62,098,387	43,856,623	29,437,351	9,466,838	6,685,899	4,487,695
Long-term assets	95,312,441	81,243,810	68,165,017	14,530,288	12,385,539	10,391,690
Balance sheet total	114,598,482	94,246,203	79,986,093	17,470,426	14,367,741	12,193,801

3 - Net dividend and earnings per share

	In French francs			*In euros*		
	2000	1999	1998	2000	1999	1998
Net dividend	28.21	23.61	20.99	4.30	3.60	3.20
Earnings per share	78.12	43.16	43.14	11.91	6.58	6.58

Statutory Auditors' report

on the Parent company's financial statements

For the year ended December 31, 2000

To the Shareholders of Compagnie de Saint-Gobain

In accordance with the terms of our appointment by the Annual Shareholders' Meeting, we hereby submit our report for the year ended December 31, 2000 on:

- the audit of the financial statements of Compagnie de Saint-Gobain, set out on pages 93 to 112, presented in euros;
- the specific controls and information required by law.

These financial statements have been approved by the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with the generally accepted auditing standards in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at December 31, 2000 and its income for the year then ended, in accordance with French generally accepted accounting principles.

2. Specific controls and information

We have also performed the specific procedures required by French law, in accordance with professional standards applied in France.

We have no comments to make as to the fair presentation and the conformity with the financial statements of the information given in the report of the Board of Directors and the documents sent to shareholders on the financial position and financial statements.

In accordance with the law we have also verified that details of controlling and other interests acquired during the year together with the identity of the principal shareholders and cross-holdings are disclosed in the management report.

Paris, March 29, 2001

The Statutory Auditors

Befec – Price Waterhouse Member of PricewaterhouseCoopers		S.E.C.E.F.
Mike MORALEE	Christian MARCELLIN	Jacques TENETTE

Information on subsidiaries

FRANCE

• SAINT-GOBAIN GLASS FRANCE

100%-owned by Vertec.
Manufacturing and processing of flat glass.
Float glass plants in Aniche (Nord) and Chantereine (Oise).
2000 sales: FF 1,584 million.
Employees: 1,041.

Subsidiaries and holdings

• Saint-Gobain Sekurit France - France. Saint-Gobain Exprover - Belgium. Saint-Gobain UK Ltd - United Kingdom. See below.
• Saint-Gobain Produits Industriels, M.O. Pays de Loire, M.O. Atlantique, M.O. Semiver-Climaver, M.O. Charentes-Limousin, M.O. Armorique, Miroiterie du Rhin, Société Verrière Française (SVF), Sovedys, Sivaq, Centre Est Vitrage, Charles André, Soprover, Société Verrière de l'Atlantique, Le Vitrage du Midi, Glassver, Gobba Vitrage, Auvergne Isolation, Vitrages Isolants d'Auvergne, Alp'Verre, Courbu, Verreries d'Aurys (100%), Financière Wehr Group (100%) - France. Holds: 100% of Wehr Miroiteries, 100% of Emaillerie Alsacienne, 100% of Technifen, 66.3% (+ 33.7% by Technifen) of Techniverre Industrie - France. Distribution and processing of flat glass products for the building industry. Employees: 3,010.
• EuroKera North America - USA (50%). Keraglass - France (50%). Produces vitroceramics. Plant in Bagneaux-sur-Loing (Seine-et-Marne). Employees: 261.
• Sovis - France (100%). Tempered glass for home appliances, industrial and scientific optics, radiation-proof glass. Plants in Jouarre (Seine-et-Marne) and Château-Thierry (Aisne). Sales: FF 151 million. Employees: 234. Holds: 50% of Eurokera - France. Production and sale of vitroceramic plates. 100% of Euroglass - Italy. 70% of Borgna Veder - Italy. Tempered glass for home appliances.
• 100% of Verreries de Saint-Just - France. Decorative glass. Plant at Saint-Just-Saint-Rambert (Loire). Employees: 93.
• Dima, Glaçauto, Ouest Pare-Brise, Somir Autover - France. Distribution and processing of flat glass for the automobile industry. Employees: 80.
• Saint-Gobain Sully Produits Spéciaux - France (100%). Flat glass for trains and the aeronautics industry. Plant in Sully-sur-Loire (Loiret). Employees: 403.
• Eurofloat - France (100%). Float serving the European market. Plant in Salaise-sur-Sanne (Isère).
• Saint-Gobain Recherche - France (32.7%). The remainder of capital stock is held by the Group's other French glass companies. Headquarters in Aubervilliers (Seine-Saint-Denis). Employees: 265.
• Samin (29.4%). See Saint-Gobain Emballage.
• Delegrange et Messager - France (38%). Transport.

• SAINT-GOBAIN SEKURIT FRANCE

100%-owned by Saint-Gobain Glass France.
Processing for the automobile industry.
Plants in Aniche (Nord) and Chantereine (Oise).
2000 sales: FF 1,461 million.
Employees: 1,232.
These figures include those of Saint-Gobain Sekurit France and Société Verrière d'Encapsulation.
Holds: Société Verrière d'Encapsulation - France (100%). Encapsulation of glass for the auto industry.
Saint-Gobain Sekurit Glass India (85.8%) - India.

• SAINT-GOBAIN ISOVER

100%-owned by Spafi.
Production and processing of glass wool and rock wool insulation products.
Plants in Orange (Vaucluse), Chalon-sur-Saône (Saône-et-Loire), Saint-Étienne-du-Rouvray (Seine-Maritime), Rantigny (Oise).
2000 sales: FF 1,530 million.
Employees: 1,007.

Subsidiaries and holdings

• Saint-Gobain Vetrotex France - France. See below.
• Saint-Gobain Eurocoustic - France (51%). Produces rock wool insulation products. Plant in Genouillac (Creuse). Sales: FF 182 million. Employees: 154.
• Saint-Gobain Ecophon SA - France (50%). Acoustic ceilings.
• Saint-Gobain Recherche - France (32.7%). Delegrange et Messager - France (18.9%). See Saint-Gobain Glass France.
• Samin - France (19.6%). See Saint-Gobain Emballage.
• Saint-Gobain Beijing Isover Glasswool - China (29.5%). CSR Guandong Glasswool - China (15%).

• SAINT-GOBAIN VETROTEX FRANCE

Owned: 94.1% by Spafi and 5.9% by Saint-Gobain Isover.
Manufactures fiberglass for reinforcements.
Plant in Chambéry (Savoie).
2000 sales: FF 748 million.
Employees: 672.

Subsidiaries and holdings

• Saint-Gobain Vetrotex International - France (99.4%). Research and Development center, export sales. Headquarters in Chambéry (Savoie). Holds: Saint-Gobain Vetrotex Renforcement - France (99.8%), Saint Gobain Vetrotex Glasmat - France (100%), Saint-Gobain Vetrotex GmbH - Germany (100%), Saint-Gobain Vetrotex Reinforcement GmbH -Germany (100%), Saint-Gobain Vetrotex Benelux - Belgium (99.9%), Syncoglas - Belgium (99.9%), Verigex - Italy (100%), Vetrotex Svenska AB - Sweden (100%), Vetrotex Ltd - United Kingdom (100%), Vetrotex Bohemia - Czech Republic (100%). Distribution companies.

Also holds: Saint-Gobain Vetrotex Korea Ltd - South Korea (98.6%). See below. Saint-Gobain Vetrotex Thailand - Thailand (100%). Saint-Gobain Vetrotex India - India (100%). RF Services - Australia (76%).
• Saint-Gobain Lorcet (98.2%) - France. Mermet Rovings - France (40%). Manufactures glass cloths for reinforcements.
• Saint-Gobain Revetex SRL - Italy (8.4%). Waste treatment.
• Saint-Gobain Recherche - France (4.6%). See Saint-Gobain Glass France.

• POLIET

100%-owned by Compagnie de Saint-Gobain.
Distribution of building materials.
2000 sales: € 4.6 billion.
Employees (including subsidiaries): 23,558.
Holds:
• Point P - France (100%). Distribution of building materials through 11 regional companies under the POINT P banner and three national companies specialised in heating and plumbing (CEDEO), insulation (SFIC) and roofing (Asturienne). 1,100 retail outlets (of which 53 opened in 2000).
• Lapeyre - France (74.8%). Company listed on the Paris Bourse. Manufacturing and distribution of industrial carpentry and kitchen and bathroom equipment under the following banners: Menuiseries Lapeyre, GME, SGM, OXXO, Les Zelles and K par K, Lapeyre Deutschland and Erg Okfens (Poland).
• Orchardflint - United Kingdom (100%). Holding company.
• Novatech KG - Germany (100%). Plant in Kolbermoor. Produces cement-glass composites for roofing and wall facings.
• Everite - France (95.9%). Produces reinforced polyester composites.
• Saint-Gobain Weber - France (99.9%). Produces industrial mortars in 20 countries. Holds: 100% of Weber & Broutin France; 100% of Saint-Gobain Weber Cemarska (Spain), 50% of Saint-Gobain Quartzolit - Brazil. Produces tile glues. Plants in Jandira (São Paulo), Santa Lucia (Minas Gerais), Abreu and Lima (Pernambuco) and Viamao (Rio Grande do Sul).
• Saint-Gobain Terreal - France (99.9%). Produces terracotta tiles. Nineteen plants and subsidiaries in France, Italy, Spain and Malaysia.
• Saint-Gobain Stradal - France (99.9%). Produces industrial cements through twenty-five production plants in France. Has holdings in: Tuyaux et Agglomérés Vendéens - France (49%). Sociedad Tubo Fabrega - Spain (50%). Egyptian Concrete Pipe Company - Egypt (30%). Produces concrete pipes.

• SAINT-GOBAIN PAM

Owned: 8.1% by Compagnie de Saint-Gobain and 91.9% by Spafi.
Ductile cast-iron pipes and hydraulic parts for water supply systems, irrigation, wastewater. Ductile cast-iron products for the building industry.
Plants in Pont-à-Mousson, Blénod, Foug, Liverdun, Toul (Meurthe-et-Moselle), Bayard (Haute-Marne).
2000 sales: FF 4,544 million.
Employees: 3,119.

Subsidiaries and holdings

• Halbergerhütte GmbH - Germany. Saint-Gobain Canalización - Spain. Saint-Gobain UK - United Kingdom. Saint-Gobain Condotte SpA - Italy. Saint-Gobain Canalização - Brazil. See below.
• Saint-Gobain Seva - France (100%). Industrial equipment, glass molds, fiberglass plates for insulation, door fittings. Plant in Chalon-sur-Saône (Saône-et-Loire). Sales: € 51.9 million. Employees: 369.
• SADIP - Saudi Arabia (20%). Produces ductile cast-iron pipes.
• Also has holdings in: Conduites d'Eau SA - Belgium (99.9%). Saint-Gobain Leidindsystemen - Netherlands (100%). Saint-Gobain Condutas - Portugal (99.5%). Saint-Gobain Trubni Systemy - Czech Republic (100%). PSH - Norway (80%). Saint-Gobain Pipe Systems OY - Finland (70%). Distribution of pipes and accessories. PAM Julong Ductile Iron Pipe - China (47.3%). Ductile cast-iron pipes. Plant in Manshaan. Sales: 81 million yuan. Employees: 440. Saint-Gobain Canalización Argentina - Argentina (99.9%).

• SAINT-GOBAIN EMBALLAGE

Owned: 20.5% by Compagnie de Saint-Gobain and 79.5% by Vertec.
Manufactures glass containers (industrial bottles and jars). Plants in Chalon-sur-Saône (Saône-et-Loire), Cognac (Charente), Lagnieu (Ain), Oiry (Marne), Saint-Romain-le-Puy (Loire), Vauxrot (Aisne).
2000 sales: FF 3,634 million.
Employees: 2,159.

Subsidiaries and holdings

• Saint-Gobain Desjonquères - France. Saint-Gobain Oberland AG - Germany. Saint-Gobain Vetri - Italy. See below.
• Saint-Gobain Recherche - France (24.6%). Delegrange et Messager - France (19%). See Saint-Gobain Glass France.
• VOA Verrerie d'Albi - France (98.7%). Glass containers (bottles). Plant in Albi (Tarn). Sales: FF 414 million. Employees: 300.
• Samin - France (51%). Operates quarries.
Sales: FF 251 million. Employees: 174.
• Établissements René Salomon - France (100%). Distribution of bottles.
• Vetreria Etrusca Srl - Italy (24%). Glass containers.
• Saint-Gobain Finanziaria - Italy (99.9%). Holding company. Holds: Saint-Gobain Vetri - Italy. See below.

• SAINT-GOBAIN DESJONQUÈRES

100%-owned by Saint-Gobain Emballage.
Manufactures small glass bottles used primarily in the perfume and pharmaceutical industries.
Plants in Mers-les-Bains (Somme) and Sucy-en-Brie (Val-de-Marne).
2000 sales: FF 2,431million.
Employees: 1,788.

Subsidiaries

• SGD Glashüttenwerke Kipfenberg GmbH - Germany (100%). Small glass bottles. Plant in Kipfenberg.
Sales: DEM 84 million. Employees: 203.
• Saint-Gobain VG Emballage - France (100%). Distribution of glass and plastic containers and fittings. Sales: FF 201 million. Employees: 70.
• Verreries de l'Orne - France (100%). Decoration of glass containers. Sales: FF 102 million. Employees: 289.
• Saint-Gobain Desjonquères Manufacturing - USA (100%). Perfume flasks. Plant in Covington. Sales: $ 37 million. Employees: 129.
• Saint-Gobain Desjonquères Inc. - USA (100%). SGD UK - United Kingdom (100%). SGD Italia - Italy (95%). Distribution companies.

• SEPR - SOCIÉTÉ EUROPÉENNE DES PRODUITS RÉFRACTAIRES

Owned: 25.7% by Compagnie de Saint-Gobain, 62.7% by Vertec and 11.6% by Spafi.
Manufactures fused-cast refractory products used mainly for glass furnaces and various special products (pellets, grains and ceramic powders).
Plant in Le Pontet (Vaucluse).
2000 sales: FF 1,284 million.
Employees: 1,436.

Subsidiaries

• Saint-Gobain Quartz SA - France, SEPR Keramik GmbH & Co KG - Germany, SEPR Italia - Italy, Saint-Gobain Ceramic Material A/S - Norway. See below.
• Savoie Réfractaires - France (99.9%). Manufactures special refractories. Plants in Vénissieux (Rhône) and Provins (Seine-et-Marne). Employees: 249.
• Saint-Gobain Céramiques Avancées Desmarquest - France (100%). Manufactures fine ceramics for industrial uses, taps, medical applications and thermal and electrical insulation. Plants in Montreuil (Seine-Saint-Denis), Évreux (Eure), Courtenay (Loiret), Étrechy (Essonne) and Moissy Cramayel (Seine-et-Marne). Employees: 505.
• Saint-Gobain Cristaux & Détecteurs - France (100%). Manufactures optical crystals, detectors of nuclear radiation and synthetic monocrystals for chemical analysis. Plants in Saint-Pierre-lès-Nemours (Seine-et-Marne) and Gières (Isère). Employees: 160.
• Saint-Gobain Matériaux Céramiques - France (100%). Produces seeded-gel. Plant in Courtenay (Loiret).
• Saint-Gobain Performance Plastics - France (100%). Holding company. Holds: 99.9% of Saint-Gobain Matériaux Céramiques, Saint-Gobain Performance Plastics Asti, Saint-Gobain Performance Plastics Gessil, Saint-Gobain Performance Plastics Verneret - France. 100% of Norton Fluorplast Nederland BV - Netherlands. 99.9% of Saint-Gobain Performance Plastics Chaineux - Belgium. Manufactures and sells high-performance plastics.
• Saint-Gobain Ceramicas Industriales - Spain (99.9%). Manufactures technical ceramics and distributes high-performance plastics. Plant in Castellbisball. Employees: 85.
• Beijing SEPR - China (65.9%). Manufactures fused-cast refractory products. Plant in Beijing.
• SEPR Australia - Australia (100%). Manufactures fused-cast refractory products. Plant in Brisbane.
• Nihon Saint-Gobain KK - Japan (5.1%). See Saint-Gobain Quartz.

• SAINT-GOBAIN QUARTZ

100%-owned by SEPR.
Manufactures silica parts for the chemical industry, silica crucibles and reactor tubes for the semi-conductor industry, silica wool and yarn for the space industry, Micaver insulating materials, piezoelectric ceramics.
Plant in Saint-Pierre-lès-Nemours (Seine-et-Marne).
2000 sales: FF 141 million.
Employees: 219.

Subsidiaries and holdings

• Saint-Gobain Quartz Pte - Singapore (100%). Manufactures tubes for the semi-conductor industry.
• Saint-Gobain Quartz SA (Suisse) - Switzerland (100%). Processing of quartz parts.
• Saint-Gobain KK - Japan (11.5%). Distribution company.

• SAINT-GOBAIN ABRASIFS SA (FRANCE)

99.6%-owned by Spafi.
Manufactures bonded abrasives, grinding wheels and super-abrasives.
Plants in Conflans-Sainte-Honorine (Yvelines), La Courneuve and Bobigny (Seine-Saint-Denis) and Amboise (Indre-et-Loire).
Employees: 939.

Subsidiaries and holdings

• Norton SA (Spain), Saint-Gobain Norton SA (Luxembourg), Norton SpA (Italy), Saint-Gobain Abrasives - Poland, Saint-Gobain Abrasives Pty Ltd (South Africa). See below.
• Saint-Gobain Diamind Winter SA - France (100%). Produces diamond-tipped tools for stone-cutting. Plant in Saulx-les-Chartreux (Essonne).

• Pabsa - Colombia (100%). Produces coated abrasives and grinding wheels. Plant in Mosquera.
• Saint-Gobain Abrasivos - Venezuela (100%). Manufactures coated abrasives and grinding wheels. Plants in Maracay and Los Teques.
• Meules Deplanque SA - France (100%). Produces abrasive grinding wheels. Plant in Bobigny (Seine-Saint-Denis).
• Carbo Abrasifs - France. (100%). Norton Scandinavia AB - Sweden (100%). Abrasives.
• Saint-Gobain Winter SA - France (24%). Markets super-abrasive tools for mechanical industries.
• Saint-Gobain Abrasives Nederland - Netherlands (100%). Holds: Flexovit International NV (99.9%). Manufactures thin grinding wheels and bonded abrasives. Plants in Eibergen and Vaals (Netherlands). Employees: 356.
• Saint-Gobain Abrasives Shanghai (67.9%) - China. Produces abrasive grinding wheels. Plant in Shanghai.
• Saint-Gobain Abrasives Australia (100%) - Australia. Produces abrasive grinding wheels and coated abrasives. Plant in Lidcombe.
• PT Norton Hamplas Industries (50%) - Indonesia.

• SPAFI

100%-owned by Compagnie de Saint-Gobain.
Holding company.

Subsidiaries and holdings

Saint-Gobain Isover, Saint-Gobain Vetrotex France, Saint-Gobain PAM, SEPR; Saint-Gobain Abrasifs (France), SGPPI - France, Saint-Gobain UK - United Kingdom, Saint-Gobain Glass Polska - Poland, Saint-Gobain Corporation - USA. Saint-Gobain Abrasivos - Brazil. See below.

• SGPPI

100%-owned by Spafi.
Holding company.

Holds:
• Saint-Gobain Glass Benelux - Belgium; Saint-Gobain Cristalería - Spain; Brasilit SA - Brazil; Grindwell Norton Ltd - India. See below.
• Saint-Gobain China Invest Cy Ltd - China (100%). A holding company.
• Saint-Gobain Sekurit Thailand - Thailand (22.5%). Processing of glass products for the automobile sector.
• Verinvest Oy - Finland (17.3%). See Scan-Gobain Glass.

• VERTEC

100%-owned by Compagnie de Saint-Gobain.
A holding company.
Holds: Saint-Gobain Glass France, Saint-Gobain Emballage, SEPR - France, Saint-Gobain Vetro Italia - Italy. See above and below.

GERMANY - CENTRAL AND EASTERN EUROPE

€ 1 = DEM 1.96

• SAINT-GOBAIN DEUTSCHLAND

100%-owned by Compagnie de Saint-Gobain.
Holding company.

Holds:
• Saint-Gobain Glass Deutschland GmbH, Saint-Gobain Isover G+H AG, Saint-Gobain Vetrotex Deutschland GmbH, SGT Schleifmittel GmbH, Raab Karcher GmbH - Germany. See below. Efesis Schleiftechnik GmbH - Germany. See SGT Schleifmittel GmbH.
• 60% of Saint-Gobain Autoglas GmbH - Germany. Holds: 100% of Saint-Gobain Sekurit Deutschland GmbH and Saint-Gobain Sekurit Deutschland Verw/Beteil. - Germany.

• SAINT-GOBAIN GLASS DEUTSCHLAND GMBH

Owned: 60% by Saint-Gobain Deutschland and 40% by Saint-Roch Germania.
Manufactures and processes flat glass.
Plants in Stolberg (float and processing), Herzogenrath (float), Cologne-Porz and Torgau (float and low-emission laminated glass) and Mannheim (cast glass).
2000 sales: DEM 704 million.
Employees: 1,353.
These figures include those of Saint-Gobain Glass Deutschland GmbH, Flachglas Torgau GmbH and Verbundglas Torgau GmbH.

Subsidiaries and holdings

• Saint-Gobain Glas Deutsche GmbH, Saint-Gobain Sekurit Deutschland KG - Germany, Saint-Gobain Exprover - Belgium, Saint-Gobain Glass Polska - Poland, Scan Gobain Glass A/S - Denmark. See below.
• Flachglas Torgau - Germany (100%).
• Nitrasklo (40%). Venisklo (100%) - Slovakia. Trading and processing of flat glass for the building industry.
• Internationale Maatschappij Voor Het Beheer van Glasmaatschappijen BV (SGT) - Netherlands (100%). Holding company.
• Saint-Gobain Glass India Ltd (46.6%) - India.

• SAINT-GOBAIN GLAS DEUTSCHE GMBH

99%-owned by Saint-Gobain Glass Deutschland GmbH.
A holding company controlling various subsidiaries in distribution and processing of flat glass for the building industry.
The sales for 2000 of Saint-Gobain Glas Deutsche GmbH and its subsidiaries amounted to DEM 613 million.
Employees: 2,440.

• SAINT-GOBAIN SEKURIT DEUTSCHLAND BETEILIGUNGEN GMBH

100%-owned by Saint-Gobain Autoglas GmbH.
Company managing Saint-Gobain Sekurit Deutschland KG and holding other equity interests.

Subsidiaries and holdings

• Saint-Gobain Sekurit Benelux - Belgium, Saint-Gobain Sekurit Scandinavia - Sweden. See below.
• Autoglas Hansa Vertriebsgesellschaft GmbH - Germany (100%). Holds: Renz Sonnenschutz (100%), AGH Rheinmain (100%), Freudenberger (100%) - Germany, Andersen - Norway (100%), Autover Oy - Finland (100%). Direkglas - Sweden (80%), Walter Kigler - Austria (85%). Distribution of replacement automobile glass.
• Saint-Gobain Sekurit Glas-Union GmbH - Germany (100%). Sale of automobile glass.
• Muotolasi - Finland (100%). Faba Autoglas Technik GmbH - Germany (100%). Processing of automobile glass.
• Saint-Gobain Sekurit CRS pol SRO - Czech Republic (100%). Produces laminated glass for the auto industry.
• Huta Szkla Okiennego - Kunice SA - Poland (99.4%). Saint-Gobain Sekurit Polska - Poland (74.8%). Produces automobile glass.

• SAINT-GOBAIN SEKURIT DEUTSCHLAND KG

Owned: 99% by Vegla Verw/Beteil. GmbH and 1% by Saint-Gobain Glass Deutschland GmbH.
Manufactures glass for the automobile sector.
Plants in Stolberg (laminated glass) and Herzogenrath (coated glass).
2000 sales: DEM 603 million.
Employees: 2,036 .
These figures include those of SSG Modulartechnik, SSG Torgau and FABA Autoglas Technik.

Subsidiaries and holdings

• Saint-Gobain Sekurit Nutzfahrzeugglas GmbH (SSGN KG) - Germany (100%). Manufactures glass for utility vehicules. Plant in Cologne-Porz. Sales: DEM 84 million. Employees: 347.
• Saint-Gobain Sekurit Modulartechnik - Germany (100%). Plant in Würselen. Extrusion of laminated and coated flat glass.
• Saint-Gobain Sekurit Torgau - Germany (100%). Plant in Torgau (coated glass).
• FABA Autoglas Technik - Germany (94%).

• SAINT-GOBAIN ISOVER G + H AG

99.9%-owned by Saint-Gobain Deutschland.
Manufactures and sells mineral fibers and foams for thermal, refrigeration and acoustic insulation as well as for fireproofing under the trademark G + H Isover.
Plants in Bergisch-Gladbach (Nordrhein-Westfalen); Ladenburg (Baden-Würtemberg); Spire (Rheinland - Palatinat) and Lübz (Mecklenburg Vorpommern).
2000 sales: DEM 701 million.
Employees: 1,491.

Subsidiaries and holdings

• Saint-Gobain Isover SA - Switzerland. Saint-Gobain Isover Benelux - Netherlands. Saint-Gobain Isover A/S - Denmark. See below.
• Saint-Gobain Isover Austria AG - Austria (99.8%). Manufactures and sells insulating materials. Plant in Stockerau. Sales: € 60 million. Employees: 260. Holds: Saint-Gobain Orsil - Czech Republic (100%). Manufactures rock wool insulating materials. Plant in Castolovice. Sales: 624 million Czech korunas. Employees: 293.
• G + H Fursorger GmbH + Superglass Dammstoffe GmbH - Germany (100%). Sells insulating materials.

• SAINT-GOBAIN VETROTEX DEUTSCHLAND GMBH

99%-owned by Saint-Gobain Deutschland.
Manufactures and sells fiberglass for reinforcement.
Plant in Herzogenrath.
2000 sales: DEM 201 million.
Employees: 609.
Holds: 99.6% of Vertex - Czech Republic. Sales: 5,770 million Czech korunas. Employees: 1,423.
0.2% of Saint-Gobain Vetrotex International - France. See Saint-Gobain Vetrotex France.
100% of Saint-Gobain Vetrotex Glasvlies - Germany.

• HALBERGERHÜTTE GMBH

100% owned by Saint-Gobain PAM.
Holding company.
Holds:
• Saint-Gobain UK - United Kingdom, Saint-Gobain Condotte Spa - Italy. See below. SG Rohrsystem - Germany (100%). Distribution of public works supplies. 2000 sales: DEM 431 million. Employees: 557.
• Saint-Gobain GussRohr GmbH - Germany (100%). Manufactures ductile cast-iron pipes. Plants in Saarbrücken-Brebach (Saar) and Gelsenkirchen (Ruhr). 2000 sales: DEM 345 million. Employees: 702.
• SG HES GmbH - Germany (100%). Sale of piping systems for the building industry. 2000 sales: DEM 126 million. Employees: 61.

• SAINT-GOBAIN OBERLAND AG

96.7%-owned by Saint-Gobain Emballage.
Company listed on the Frankfurt, Munich and Stuttgart Stock Exchanges.
Manufactures glass containers (bottles, industrial jars and glass blocks).
Plants in Bad Wurzach (Baden-Würtemberg), Neuburg (Bavaria), Essen (Nordrhein Westfalen) and Wirges (Rheinland-Palatinat).
2000 sales: DEM 632 million.
Employees: 1,759.

Subsidiaries and holdings

• Ruhrglas - Germany (100%). Holds 100% of GPS Glas Produktions Service. Produces machines for the glass containers industry. Sales: DEM 35 million. Employees: 72.
• Westerwald - Germany (99.6%). Holding company.
• GGA Gesellschaft fur Glasrecycling - Germany (26.4%). Collection and redistribution of glass container cullet.
• Oberland Glas System und Handel - Germany (100%). Sale of plastic cases.
• Zhanjiang Saint-Hua-Glass - China (35%). Glass containers (bottles).

• SAINT-GOBAIN CALMAR GMBH

Owned: 99% by Saint-Gobain Kipfenberg and 1% by Saint-Gobain Calmar Inc.
Manufactures plastic pumps.
Plant in Hemer.
2000 sales: DEM 120 million.
Employees: 546.
Holds: 50% of Calmar Poland - Poland, 5% of Saint-Gobain Calmar Ltd - United Kingdom. Distribution companies.

• SEPR KERAMIK GMBH & CO KG

100%-owned by SEPR.
Holding company.
Holds:
• Norton Beteiligungs - Germany (100%). Holding company.
• Saint-Gobain Performance Plastics Pampus GmbH - Germany (100%). Manufactures and sells high-performance plastics for the medical and automobile industries and for other industrial equipment. Plant in Willich. Employees: 329.
• Saint-Gobain Advanced Ceramics Lauf GmbH - Germany (100%). Manufactures and sells advanced ceramics. Plant in Lauf. Employees: 230.
• Saint-Gobain Industriekeramik Düsseldorf - Germany (100%). Produces refractory products. Plant in Düsseldorf. Employees: 115.
• Saint-Gobain Advanced Ceramics Mönchengladbach - Germany (100%). Manufactures and sells advanced ceramics. Plant in Mönchengladbach.
• Saint-Gobain Quartz GmbH - Germany (99.9%). Plant in Wiesbaden. Employees: 81.
• Saint-Gobain Industriekeramik Roedental - Germany (100%). Produces high performance refractory products. Plant in Roedental. Employees: 485.

• SG SCHLEIFMITTEL GMBH

100%-owned by Saint-Gobain Deutschland.
Holds:

Production facilities

• 100% of Diamant Winter Steinbearbeitungswerkzeuge of Ernst Winter Diamantwerkzeuge. Produces superabrasive tools for the mechanical and stone-cutting industries. Plant in Norderstedt. Employees: 611.
• 99% (+ 1% by Saint-Gobain Deutschland) of Efesis Schleiftechnik GmbH. Manufactures and sells grinding wheels and super-abrasives. Plant at Gerolzhofen. Employees: 258.
• 100% of Cora Schleiftechnik. Manufactures and sells bonded abrasives. Plant at Wesseling. Employees: 194.
• 100% of Winter Inc. - USA.
• 100% of Diamant Winter Hellas - Greece.
• 100% of Diamant Winter Italia - Italy.
• 99.9% of Diamant Winter South Africa - South Africa.

Sales units

• 76% of Diamant Winter France SA - France. See Saint-Gobain Abrasifs SA (France).
• 100% of Winter Diamond Tools - United Kingdom.
• 100% of Diamantes Winter - Spain.
• 100% of Ernst Winter & Zoon BV - Netherlands.
• 90% of Winter Diamond Tools India Ltd - India.

• RAAB KARCHER GMBH

100%-owned by SG Deutschland.
Distribution of building materials in Germany by 140 outlets owned by the holding company and by 27 outlets held by subsidiaries, in the Netherlands through 49 outlets and in Central Europe (Poland, Czech Republic, Hungary) through a network of 80 outlets.
2000 sales: € 1.1 billion.
Employees: 6,468.

BENELUX

€ 1 = BEF or LUF 40.34
€ 1 = NLG 2.20

• SAINT-GOBAIN GLASS BENELUX SA

Owned: 88.7% by Compagnie de Saint-Gobain and 10.8% by SGPPI.
Manufactures and processes flat glass.
Plants in Sambreville (2 float lines).
2000 sales: € 141 million.
Employees: 626.

Subsidiaries and holdings

• Saint-Gobain Exprover - Belgium, Saint-Gobain UK - United Kingdom, Sas Van Gent - Netherlands, Scan Gobain Glass - Denmark. See below.
• Saint-Roch Germania - Germany (100%). Holding company. Holds: 40% of Saint-Gobain Glass Deutschland GmbH - Germany. See above. 40% of Saint-Gobain Autoglas GmbH - Germany. See Saint-Gobain Deutschland.
• B & G Glas Frankenglas Group, Boermans Group, Burniat SA, Glorieux SA, Hanin SA, Techniver SA, Wagener Group - Belgium (100%).
• Baeyens Glass NV (99.9%), Glas & Design Sint Truiden (99.6%), Mirover NV (99.2%) - Belgium.
• Koninklijko Veromco NV - Netherlands (100%). Holding company for subsidiaries selling and processing glass products for the building industry.

• SAINT-GOBAIN EXPROVER

Owned: 39% by Saint-Gobain Glass Deutschland GmbH, 27% by Saint-Gobain Glass Benelux, 18% by Saint-Gobain Glass France, 8% by Saint-Gobain Vetro Italia and 8% by Saint-Gobain Cristalería.
Export company of the Flat Glass Division. Promotes and coordinates all exports of flat glass products manufactured by the Group outside areas in which there are plants.

Subsidiaries and holdings

• Saint-Gobain Hellas - Greece (100%), Saint-Gobain Glass Exprover North America - USA (100%).
• Saint-Gobain KK - Japan (6.4%). See Saint-Gobain Quartz.

• SAINT-GOBAIN SEKURIT BENELUX SA

100%-owned by Saint-Gobain Sekurit Deutschland Beteiligung GmbH.
Processing of flat glass for the automobile industry.
Plant in Sambreville.
2000 sales: BEF 2,939 million.
Employees: 529.
Holds: Saint-Gobain Sekurit Italia - Italy (17%). See below.
Saint-Gobain Sekurit Thailand - Thailand (72.5%). See SGPPI
Autover International BV - Netherlands (100%). Distribution of replacement automobile flat glass.

• GLASFABRIEK SAS VAN GENT BV

100%-owned by Saint-Gobain Glass Benelux.
Manufactures reflecting glass and enameled glass.
Manufactures tempered glass.
Plant in Sas Van Gent (Netherlands).
2000 sales: NLG 55 million.
Employees: 140.

• SAINT-GOBAIN ISOVER BENELUX

100%-owned by Saint-Gobain Isover G+H AG.
Manufactures and sells insulating products.
Plant in Etten-Leur (Netherlands).
2000 sales: NLG 196 million.
Employees: 384.

Subsidiaries and holdings

• Saint-Gobain Isover Benelux NV - Belgium (99.8%). Distribution.
• Cultilène BV - Netherlands (100%). Processes and sells glass wool and rock wool products for hydroponic (soil-less) cultivation.
• Saint-Gobain Ecophon BV - Netherlands (30%), Velimat GmbH - Germany (100%).

• SAINT-GOBAIN NORTON SA (LUXEMBOURG)

100%-owned by Saint-Gobain Abrasifs (France).
Produces and sells diamond-tipped tools, disks and drills, as well as machines for cutting asphalt in the construction and civil engineering industries.
Plant in Bascharage (Luxembourg).
2000 sales: LUF 1,786 million.
Employees: 137.
Holds: 100% of Bay State SA - Luxembourg. Manufactures and sells abrasive grinding wheels. Plant in Steinsel.
Employees: 134.

• SAINT-GOBAIN NEDERLAND

100%-owned by Compagnie de Saint-Gobain.
Finance company.

SPAIN - PORTUGAL

€ 1 = ESP 166,39
€ 1 = PTE 200,48

• SAINT-GOBAIN CRISTALERIA SA

Owned: 1% by Compagnie de Saint-Gobain, 66.6% by International Saint-Gobain, 4.9% by Saint-Gobain Vicasa and 1.9% by SGPPI.
Company listed on the Madrid Stock Exchange.
Manufactures and processes flat glass for the building and automobile industries and insulating materials (glass wool and rock wool).

Plants in Arbós (float line), Avilès (float line), Madrid (Hortaleza), Renedo de Piélagos. Insulating material plant in Azuqueca de Henares.
2000 sales: ESP 78.5 billion.
Employees: 2,032.

Subsidiaries and holdings

• Saint-Gobain Vicasa, La Veneciana, Saint-Gobain Canalizacion, Saint-Gobain Vetrotex España - Spain, Saint-Gobain Glass Portugal - Portugal, Saint-Gobain Exprover - Belgium, Saint-Gobain Sekurit Mexico, Saint-Gobain Glass Mexico, Saint-Gobain Vetrotex America - Mexico, Saint-Gobain de Colombia, Pam Colombia - Colombia. See below.
• Autover Iberica - Spain (100%). Distribution of replacement automobile flat glass.
• Wanner y Vinyas - Spain (100%). Thermal and acoustic insulation. Sales: ESP 7.3 billion. Employees: 404.
• Industrias del Cuarzo (100%). Sand quarry.
• Vislam (100%). Inmobiliaria Cristalvex (99.9%). Unión Cristalera (5%). La Veneciana Norte (5%). La Veneciana Levante (5%). La Veneciana Bética (5%). La Veneciana Canarias (5%).
• Procustic - Spain (100%). Processing and distribution of acoustic insulation products.
• Iberisol - Portugal (65.1% and 22% by Wanner y Vinyas). Distribution of insulating products.
• Vidrieria Argentina (VASA) - Argentina (49%). Manufactures flat glass for the building industry.
• Cristalería Andina - Panama (100%).

• LA VENECIANA

100%-owned by Saint-Gobain Cristalería.
Sale, processing and installation of flat glass products and mirrors.
2000 (including subsidiaries) sales: ESP 14 billion.
Employees (including subsidiaries): 579.

Subsidiaries and holdings

• La Veneciana Norte (95%), La Veneciana Ebro (12.5%), La Veneciana Catalana (95%), La Veneciana Levante (95%), La Veneciana Bética (95%), La Veneciana Canarias (95%), La Veneciana Balear SA (100%), Union Cristalería SA (95%).

• SAINT-GOBAIN VETROTEX ESPAÑA

100%-owned by Saint-Gobain Cristalería.
Manufactures and sells glass fibers for reinforcement.
Plant in Alcalá de Henares.
2000 sales: ESP 14 billion.
Employees: 380.
Holds: 0.2% of Saint-Gobain Vetrotex International - France. See Saint-Gobain Vetrotex France. 100% of CemFil International - United Kingdom. Distribution of CemFil glass fibers for reinforcing concrete. 100% of Vetrotex Distribucion Norte, Vetrotex CemFil and Tevesa - Spain. 40% of Beijing Saint-Gobain Vetrotex Glass Fiber - China.

• SAINT-GOBAIN CANALIZACION

Owned: 80% by Saint-Gobain PAM and 20% by Saint-Gobain Cristalería.
Ductile cast-iron pipes.
Plant in Santander.
2000 sales: ESP 20.4 billion.
Employees: 267.
Holds: Pam Colombia SA - Colombia (95%). See below.
Saniplast - Spain (70%). Distribution of pipes and accessories.
2000 sales: ESP 3.9 billion. Employees: 58.

• SAINT-GOBAIN VICASA SA

99.9%-owned by Saint-Gobain Cristalería.
Manufactures glass containers (bottles, industrial jars and flasks).
Plants in Azuqueca de Henares (Guadalajara), Burgos, Dos Hermanas (Seville), Jerez de la Frontera (Cadix), Saragossa.
2000 sales: ESP 35.1 billion.
Employees: 1,413.
These figures include those of Saint-Gobain Montblanc SA.

Subsidiaries and holdings

• Saint-Gobain Cristalería - Spain. Saint-Gobain Mondego - Portugal. See paragraphs on both companies.
• Saint-Gobain La Granja SA - Spain (100%). Manufactures glass containers (flasks), insulators and moldings. Plant in La Granja (Segovia).
Sales: ESP 9.3 billion. Employees: 334.
Holds 100% of Saint-Gobain Calmar SA - Spain. Produces plastic pumps. Plant in Barcelona. Sales: ESP 6.6 billion. Employees: 425. Holds 95% of Saint-Gobain Calmar Ltd - United Kingdom, 99% of Saint-Gobain Calmar SRL - Italy, 50% of Calmar Poland - Poland. Distribution companies.
• Saint-Gobain Montblanc SA - Spain (100%). Manufactures glass containers (bottles). Plant in Montblanc (Catalonia).
Sales: ESP 4.4 billion. Employees: 116.
• Vidrieras Canarias (41%). Glass containers.
• Rayen Cura Saic - Argentina (59.5%). Manufactures glass containers (bottles). Plant in Mendoza. Employees: 285.
• Gijon Fabril - Spain (100%). Production and distribution of machines and molds for the glass industry.

• NORTON SA (SPAIN)

100%-owned by Saint-Gobain Abrasifs (France).
Produces abrasive grinding wheels.
Plant in Pamplona.
Employees: 202.
Holds: 100% of Debray - Spain. Manufactures coated abrasives. Plant in Montmelo. 100% of Lima, Teixeira e Lima - Portugal. Distributes abrasive products. Plant in Porto.

• SAINT-GOBAIN GLASS PORTUGAL

100%-owned by Saint-Gobain Cristalería.
Manufactures and processes flat glass for buildings and home appliances.
Plant (float) in Santa Iria de Azoia (Portugal).
2000 sales: PTE 10.5 billion.
Employees: 185.
Holds:
• SSGP Vidro Automovel - Portugal. See below.
• 100% of Vidros Segurança which holds 100% of Vidronorte and Covilis - Portugal. Processing of glass products for the building industry.

• SSGP VIDRO AUTOMOVEL

100%-owned by Saint-Gobain Glass Portugal.
Processes flat glass for the automobile sector.
Plant in Santa Iria de Azoia (Portugal).
2000 sales: PTE 11.2 billion.
Employees: 298.
Holds: 59.7% of Autoverlusa - Portugal. Distribution of replacement flat glass parts fort the auto industry.

• SAINT-GOBAIN MONDEGO

100%-owned by Saint-Gobain Vicasa.
Manufactures glass containers (industrial bottles and jars).
Plant in Figueira da Foz (Portugal).
2000 sales: PTE 8.8 billion.
Employees: 254.

GREAT BRITAIN

€ 1 = GBP 0.62

• SAINT-GOBAIN UK LTD

Holding: 72.2% by Poliet, 6.2% by Spafi, 8.5% by Saint-Gobain Glass Benelux, 4.1% by Saint-Gobain PAM, 4.1% by Halbergerhütte, 3.6% by Saint-Gobain Glass France and 1.3% by Saint-Gobain Isover A/S.
Holding company.
Holds:
• Solaglas Ltd, Saint-Gobain Glass UK Ltd, Saint-Gobain Pipelines Plc, Saint-Gobain Ceramics & Plastics Plc, Abrasives Plc - United Kingdom. See below.
• Saint-Gobain Pipe Systems Plc - United Kingdom (100%). Distribution of pipe products for the building and public works sector. 2000 sales: GBP 142 million. Employees: 765.
• Saint-Gobain Technical Fabrics UK Ltd (100%), Saint-Gobain Insulation UK (100%). Holds: 49.9% of British Gypsum Isover - United Kingdom. Production and sale of insulation products.

• SOLAGLAS LTD

100%-owned by Saint-Gobain UK Ltd.
Processing and distribution of flat glass products for the building sector (tempered glass, laminated glass, mirrors, insulating glass). Network of 74 sites including 11 processing facilities throughout the UK.
2000 sales: GBP 183.6 million.
Employees (including subsidiaries): 2,256.
Holds:
• Hayes Group, Dockrell Glass Group - United Kingdom (100%). Processing for the building sector.
• Thermax, Birmingham Build - United Kingdom (100%). Processing for the automobile and building sectors.
• Saint-Gobain Glass Ltd - United Kingdom (100%). UK distributor for the products of the Flat Glass and Containers divisions.

• SAINT-GOBAIN BUILDING DISTRIBUTION UK

99.76%-owned by Orchardflint.
Distribution of building materials through 540 warehouses and specialized distribution subsidiaries (timber, tiles, equipment rental, etc.).
2000 sales: € 2 billion.
Employees: 12,536.
Holds: Jewson Limited, Graham Group, Hire Point, International Timber, World's End Tiles - United Kingdom (100%), PDM - Ireland (100%), International Decorative Surfaces - USA (100%).

• SAINT-GOBAIN PIPELINES PLC

100%-owned by Saint-Gobain UK Ltd.
Ductile cast-iron pipes and hydraulic connectors for water-supply and wastewater networks. Hydraulic valves. Cast-iron and steel supplies for roadworks, cast-iron supplies for the building industry.
Plants in Stanton, Staveley, Holwell, Risca, West Bromwich and Telford.
2000 sales: GBP 97.2 million.
Employees: 1,379.
Holds:
• Foundry Products Ltd - United Kingdom, Guest and Chrimes - United Kingdom (100%).
• Stanton Bonna Concrete Ltd - United Kingdom (20%) Concrete pipes.
• Saint-Gobain Pipelines South Africa - South Africa (100%). Manufactures cast-iron parts. 2 plants in Pretoria. 2000 sales: 90 million rand. Employees: 521. Fundicao Aldebara - Brazil (81.1%). Ductile cast iron connectors. Employees: 419.

• SAINT-GOBAIN CERAMICS & PLASTICS PLC

100%-owned by Saint-Gobain UK Ltd.
Manufactures and sells high-performance plastics and products for chemical processes.
Plants in Stoke on Trent and Corby.
Employees: 123.
Holds:
• Saint-Gobain Quartz Plc - United Kingdom (100%). See below.
• Saint-Gobain Crystals & Detectors UK - United Kingdom (100%). Manufactures crystals and detectors.
Employees: 124.
• The Saint-Gobain Industrial Ceramics Ltd - United Kingdom (100%). Production and sale of high-temperature insulation fiber and refractory products. Plant in Rainford.
Employees: 100.

• SAINT-GOBAIN QUARTZ PLC

100%-owned by Saint-Gobain Ceramics & Plastics Plc.
Produces silica parts for the chemical industry, fused quartz for the semi-conductor industry, optical fiber manufacturing, infrared heating and laboratory equipment.
Plants in Wallsend and Benton.
Employees: 305.

Subsidiaries

• TSL Quadrant Ltd - United Kingdom (100%). Plant in Harlow.
• TSL Semicon Quartz Ltd - United Kingdom (100%). Plant in Cumberland.
• Ceramic Saint-Gobain UK Ltd - United Kingdom (100%). Distribution company.

• ABRASIVES PLC

100%-owned by Saint-Gobain UK Ltd.
2000 sales: GBP 53 million.
Employees: 733.
Holds: 100% of Unicorn International Plc - United Kingdom. Through various subsidiaries, manufactures bonded and coated abrasives as well as superabrasives. Plants in Stafford, Gloucester and Tottenham. Holds 100% of Unicorn Abrasives Inc. - USA. 2000 sales: USD 60 million. Employees: 90.

ITALY

€ 1 = ITL 1,936.27

• SAINT-GOBAIN VETRO ITALIA

100%-owned by Vertec.
Plants in Pisa (processed products for the building sector) and Sesto Fiorentino (silvering workshop).
2000 sales: ITL 292.6 billion.
Employees: 339.

Subsidiaries and holdings

• Saint-Gobain Sekurit Italia - Italy. See below.
• Flovetro (50%). Float line at Vasto.
• Mineraria Apuana (100%). Operation of a dolomite quarry.
• Sirsa (49%). Components for the auto industry.
• Mac Trasporti (50%). Road transport.
• Gruppo Fontana (100%). Processing and sale of glass.
Holds: 100% of Fontana Centro, Fontana Sud and Fontana Sarda.
• Cerina Vitrage SRL (100%).

• SAINT-GOBAIN SEKURIT ITALIA

Owned: 83% by Saint-Gobain Vetro Italia and 17% by Saint-Gobain Sekurit Benelux.
Flat glass processing for the auto industry.
Plant in Savigliano.
2000 sales: ITL 147.4 billion.
Employees: 308.
Holds: 50% of Borgna Sircuglass SRL and Vetro Sud SRL - Italy.

• SAINT-GOBAIN ISOVER ITALIA

91.5%-owned by International Saint-Gobain.
Manufactures insulating materials and sealing products (roofing materials, bonded fiberglass sidings).
Plants in Vidalengo and Chieti.
2000 sales: € 58.7 million.
Employees: 284.
Holds: 17.9% of Saint-Gobain Isover SA - Switzerland. See below.

• SAINT-GOBAIN VETROTEX ITALIA

100%-owned by International Saint-Gobain.
Manufactures and sells fiberglass for reinforcement.
Plants in Besana Brianza and Vado Ligure.
2000 sales: € 170 million.
Employees: 569.
Holds: 67.5% of Saint-Gobain Revetex SRL - Italy, 100% of LMC - Italy, 0.2% of Saint-Gobain Vetrotex International - France. See Saint-Gobain Vetrotex France.

• SAINT-GOBAIN CONDOTTE

Owned: 90% by Saint-Gobain PAM and 10% by Halbergerhütte.
Ductile cast-iron pipes.
Plant in Cogoleto.
2000 sales: ITL 190.3 billion.
Employees: 176.
Holds: BDM SRL and ISI SRL - Italy (100%). Hydraulic valves.

• SAINT-GOBAIN VETRI

Owned: 72.8% by Saint-Gobain Finanziaria and 26.8% by Saint-Gobain Emballage.
Manufactures glass containers (industrial bottles and jars).
Plants in Dego, Lonigo, Villa Poma, Pescia, Gazzo Veronese, Carcare.
2000 sales: ITL 563.8 billion.
Employees: 1,196.

Subsidiaries and holdings
- Silver - Italy (100%). Sand quarry products.
- Ecoglass - Italy (100%), Ecolvetro - Italy (20%). Collection and processing of cullet.

• NORTON SPA

100%-owned by Saint-Gobain Abrasifs (France).
Produces abrasive grinding wheels.
Plants in Corsico (Milan) and Caronno.
2000 sales: ITL 93.5 billion.
Employees: 226.
Holds: Ral-Flex SpA - Italy (93.3%). Produces bonded abrasives. CIA Italiana (100%) - Italy. Abrasives. Grinding SRL (100%). Proma SpA - Italy (100%). Manufactures thin grinding wheels. Holds: 100% of Moma SRL (Italy). Same activity.

• SEPR ITALIA

100%-owned by SEPR.
Manufactures fused-cast refractory products.
Plant in Mezzocorona.
Employees: 224.
Holds: 84.7% of Valoref - France. Recycling.

POLAND

€ 1 = 3.85 zlotys

• SAINT-GOBAIN GLASS POLSKA

Owned: 34.7% by Spafi and 65.3% by Saint-Gobain Glass Deutschland GmbH.
Manufactures and processes flat glass.
Float in Strzemieszyce - Poland.
2000 sales: 324.2 million zlotys.
Employees: 269.
Holds 100% of Glaspol - Poland. Processing and sale of glass for the Building sector.

• SAINT-GOBAIN ISOVER POLSKA

100%-owned by Saint-Gobain Isover AB.
Production and distribution of insulating products.
2000 sales: 162 million zlotys.
Employees: 234.

• VELIMAT SP ZOO

100%-owned by Vertex.
Production and distribution of bonded fiberglass.
2000 sales: 9 million zlotys.
Employees: 94.

• SAINT-GOBAIN ABRASIVES SA

97%-owned by Saint-Gobain Abrasifs SA (France).
Production and distribution of abrasive grinding wheels.
Plant in Kolo.
2000 sales: 64 million zlotys.
Employees: 637.

SWITZERLAND

€ 1 = CHF 1.52

• SAINT-GOBAIN ISOVER SA

Owned: 34.1% by International Saint-Gobain, 46.7% by Saint-Gobain Isover G + H AG and 17.9% by Saint-Gobain Isover Italia.
Manufactures and distributes insulating materials. Distribution of fiber reinforcements.
Plant in Lucens.
2000 sales: CHF 51.7 million.
Employees: 173.
Holds: 25% of Saint-Gobain Isover AB - Sweden. See below. 49% of Saint-Gobain Eurocoustic - France. See Saint-Gobain Isover.

• INTERNATIONAL SAINT-GOBAIN

Owned: 96.5% by Compagnie de Saint-Gobain and 3.5% by Valfix.
Holding company.
Holds: Isover SA - Switzerland, Saint-Gobain Isover Italia- Italy, Saint-Gobain Vetrotex Italia - Italy, Saint-Gobain Isover AB - Sweden, Saint-Gobain Cristalería - Spain. See paragraphs on these companies. 1.4% of Compagnie de Saint-Gobain - France, 1.9% of Euroventures - Netherlands.
The geographical breakdown of these investments is as follows: Spain 37.5%, France 30%, Italy 19.7%, Sweden 10.5%, Switzerland 1.2%, other countries 1%.

SCANDINAVIA

€ 1 = DKK 7.46
€ 1 = SEK 8.83
€ 1 = NOK 8.23
€ 1 = FIM 5.95

• SAINT-GOBAIN GLASS NORDIC A/S (DENMARK)

Owned: 50% by Saint-Gobain Glass Deutschland GmbH and 50% by Saint-Gobain Glass Benelux.
Holding company.
Holds: 100% of:
• Emmaboda Glas AB - Sweden. Produces insulating and tempered glass. Plant in Emmaboda. 2000 sales: SEK 289 million. Employees: 282.
Holds 100% of Glashuset Y Uddevalla - Sweden. Glass distribution.
• Scanglas A/S - Denmark. Produces insulating and tempered glass. Plants in Korsør and Kjellerup. 2000 sales: DKK 213 million. Employees: 266.
Holds 100% of VG Glas A/S - Denmark. Glass distribution.
• Brodrene Böckmann A/S - Norway. Produces insulating glass. Plants in Frederikstad and Gjövik. 2000 sales: NOK 305 million. Employees: 258.
• Scandi-Glass A/S - Norway. Produces insulating glass. Plant in Sem. 2000 sales: NOK 73 million. Employees: 43.
• Sl-Glass A/S - Norway. Production of laminated and tempered glass. Plant in Sauda. Sales: NOK 80 million. Employees: 68.
Also holds: Esbjerj Glas - Denmark (100%), Baltiklaas - Estonia (100%), Länsilasi Oy - Finland (100%), Verinvest Oy - Finland (82.7%). Processing and distribution of flat glass for the building sector.

• SAINT-GOBAIN SEKURIT SCANDINAVIA AB (SWEDEN)

100%-owned by Saint-Gobain Sekurit Deutschland GmbH.
Manufactures tempered and laminated glass for the automobile industry. Plant in Eslöv.
2000 sales: SEK 482.5 million.
Employees: 368.
Holds: 100% of Saint-Gobain Sekurit Eesti A/S - Estonia, 100% of Glasex - Sweden. Manufactures replacement windscreens.

• SAINT-GOBAIN ISOVER AB (SWEDEN)

Holding: 75% by International Saint-Gobain and 25% by Saint-Gobain Isover SA.
Manufactures and distributes insulating materials.
Plants in Billesholm and Vrena.
2000 sales: SEK 873 million.
Employees: 561.
Holds: Saint-Gobain Ecophon AB - Sweden, Saint-Gobain Isover Oy - Finland, Saint-Gobain Isover Polska - Poland. See paragraphs on these companies.

• SAINT-GOBAIN ECOPHON AB (SWEDEN)

100%-owned by Saint-Gobain Isover AB.
Production and sale of acoustic ceilings. Plant in Hyllinge.
2000 sales: SEK 1,058 million.
Employees: 711.
Holds: 100% of Saint-Gobain Ecophon Production A/S - Denmark. Produces acoustic products. 50% of Saint-Gobain Ecophon SA - France. See Saint-Gobain Isover. 60% of Ecophon CertainTeed - USA. See CertainTeed.

• SAINT-GOBAIN ISOVER OY (FINLAND)

100%-owned by Saint-Gobain Isover AB.
Production and sale of insulating products.
Plants in Hyvinkää and Forssa.
2000 sales: € 78 million.
Employees: 304.
Holds: 100% of Saint-Gobain Isover Esti AS - Estonia, 100% of SIA Saint-Gobain Isover - Latvia, 100% of UAB Saint-Gobain Isover - Lituania, 100% of Zao Isover - Russia. Distribution of insulating products.

• SAINT-GOBAIN ISOVER A/S (DENMARK)

100%-owned by Saint-Gobain Isover G + H AG.
Production and sale of insulating products. Plant in Vamdrup.
2000 sales: DKK 360 million.
Employees: 222.
Holds: Saint-Gobain UK - United Kingdom. See above. 100% of Glasuld Ireland. 50% of Moy Isover - Ireland. Production and distribution of insulating products.

• SAINT-GOBAIN CERAMIC MATERIALS A/S (NORWAY)

100%-owned by SEPR.
Manufactures and sells silicon carbide products.
Plants in Lillesand and Arendal.
Employees: 372.
Holds: Saint-Gobain Matériaux Céramiques Benelux SA - Belgium (99.9%). Processing of silicon carbide and corundum for the refractory and abrasives industries. Plant in Hody. Employees: 27. Saint-Gobain Materiales Ceramicos - Venezuela (100%). Manufactures silicon carbide products. Norton Lianyung Grains Industry - China (100%).

UNITED STATES

€ 1 = USD 0.93

• SAINT-GOBAIN CORPORATION

100%-owned by Spafi.
Holds: 100% of Saint-Gobain Delaware Corporation - USA - Holding company which controls CertainTeed, Saint-Gobain Containers, Saint-Gobain Calmar Inc. and Norton - USA. See below.

• CERTAINTEED CORPORATION

100%-owned by Saint-Gobain Delaware Corporation.
2000 sales: USD 2,382 million.
Employees: 8,695.
The sales and the employees of CertainTeed include those of Saint-Gobain Vetrotex America Inc., Saint-Gobain Technical Fabrics America Inc., Saint-Gobain Bayform America Inc., Ludowici - Roof Tiles, Air Vent Inc., CerBay.
Insulation products. Plants in Athens (Georgia), Chowchilla (California), Kansas City (Kansas), Mountaintop (Pennsylvania), Winter Haven (Florida).

Building materials. This division includes five business lines:
• Solid vinyl siding and windows. Plants in Hagerstown (Maryland), McPherson (Kansas), Jackson (Michigan), Grinnell (Iowa), Nesquehoning (Pennsylvania) Social Circle (Georgia), Auburn (Washington), Richmond (Virginia).
• Shingles. Plants in Birmingham (Alabama), Glenwood and Little Rock (Arkansas), Fremont, Rancho Cordova and Wilmington (California), Oxford (North Carolina), Charleston Heights (South Carolina), Peechtree (Georgia), Shreveport (Louisiana), Norwood (Massachussets), Shakopee (Minnesota), Gads Hills (Missouri), Milan, New Lexington and Avery (Ohio), Portland (Oregon), Chester (Pennsylvania), Ennis (Texas).
• Ventilation systems. Plants in Clinton (Iowa), Dallas (Texas), Lincolton (North Carolina).
• Polymerization. Plant in Lake Charles (Louisiana).
• PVC pipes and fences. Plants in Lodi (California). McPherson (Kansas), Waco (Texas), Social Circle (Georgia), Buffalo (New York).
• Fiber cement sidings. Plants in White City (Oregon), Roaring River (North Carolina).

Subsidiaries and holdings
• Saint-Gobain Vetrotex America Inc., Norton - USA. See below.
• Saint-Gobain Technical Fabrics America Inc. - USA (100%). Production and sale of industrial products for reinforcements. Plant in Albion (New York). Holds 50% of CerBay Company - USA. Plant in Wichita Falls (Texas). Weaving.
• Saint-Gobain Bayform America-USA (100%). Production and sale of industrial products and parts for door and window manufacturing. Plants in Cadiz and Dover (Ohio), Pascal (Washington), Merrill (Wisconsin).
• Ludowici-Roof Tile Inc.- USA (100%). Manufactures terra-cotta tiles.
• Air Vent Inc. - USA (100%). Produces ventilation systems for attics and lofts.
• Insulate Inc. - USA (100%). Production and sale of vinyl doors and windows.
• Ecophon CertainTeed - USA (40%). Sale of acoustic ceilings.
• Bird Inc. - USA (100%). Manufactures shingles and roofing equipment.
Holds: 100% of GS Roofing Products Company Inc.
• CertainTeed Shade Systems.

• SAINT-GOBAIN VETROTEX AMERICA

100%-owned by CertainTeed.
Manufactures and sells fiberglass reinforcements.
Plants in Wichita Falls (Texas) and Russelville (Alabama).
Holds: 100% of Saint-Gobain BTI - USA, 50% of CerBay Company - USA.

• NORTON COMPANY

Owned: 82% by Saint-Gobain Delaware Corporation and 18% by CertainTeed Corporation.
2000 sales: USD 661 million.
Employees: 4,709.
Manufactures bonded abrasives, coated abrasives and superabrasives. Main plants: Worcester (Massachusetts); Gainesville (Georgia); Littleton (New Hampshire); Troy and Wheatfield (New York); Aberdeen and Arden (North Carolina), Brownsville and Stephensville (Texas).
Main subsidiaries in USA, Canada, Mexico, Australia. Also holds: Saint-Gobain Ceramics & Plastics - USA, Grindwell Norton - India, Saint-Gobain Norton KK - Japan. See below.

• SAINT-GOBAIN CERAMICS & PLASTICS

100%-owned by Norton Company.
Through its own activities or through its subsidiaries, manufactures engineered and advanced ceramics, chemical process products, high-performance plastics, fused-cast and special refractory products, silicon carbide products, crystals, detectors and electronic equipment for the detection of nuclear radiation.
The main plants are in Worcester and Northboro (Massachusetts), Keasbey, Wayne, Bridgewater, Sparta (New Jersey), Amherst, Niagara Falls, Sanborn, Granville and Wheatfield (New York), Akron, Stow, Ravena, Newbury and Solon (Ohio), Louisville (Kentucky), Buckhannon (West Virginia), Scranton, Latrobe, Malvere, Reading, Allentown (Pennsylvania), Brantford and Paris (Ontario), as well as in Cologne (Germany) and Thomastown (Australia).
2000 sales: USD 1,467 million.
These figures include those of consolidated subsidiaries.

• SAINT-GOBAIN CONTAINERS

100%-owned by Saint-Gobain Delaware Corporation.
Manufactures glass containers (industrial bottles and jars).
Plants in El Monte, Maywood (California), Henderson, Wilson (North Carolina), Dolton, Lincoln (Illinois), Dunkirk, Ruston (Louisiana), Milford (Massachusetts), Pevely (Missouri), Carteret (New Jersey), Sapulpa (Oklahoma), Port Allegany (Pennsylvania), Waxahachie (Texas), Seattle (Washington), Burlington (Wisconsin).
2000 sales: USD 1,351million.
Employees: 5,386.
Sales and headcount figures include those of Madera Glass and Tropicana Industrial Glass.

Subsidiaries and holdings

• Madera Glass - USA (100%). Manufactures glass containers (bottles). Plant in Madera (California).
• Tropicana Industrial Glass - USA (50%). Manufactures glass containers (bottles). Plant in Bradenton (Florida).
• Heye America L. P. - USA (49%). Produces molds for the manufacture of glass containers.

• SAINT-GOBAIN CALMAR INC.

100%-owned by Saint-Gobain Delaware Corporation.
Manufactures plastic pumps.
Plant in City of Industry (California), Lee Summit (Missouri) and Wahington Courthouse (Ohio).
2000 sales: USD 182 million.
Employees: 1,396.

Subsidiaries and holdings

• Calmar Wuxi - China (100%). Assembly of plastic pumps. Plant in Wuxi.
• Pt Calmar Indonesia - Indonesia (51%). Assembly of plastic pumps. Plant in Jakarta.
• Saint-Gobain Calmar Brazil - Brazil (99%). Saint-Gobain Calmar Argentina - Argentina (99%), Calmar Plastics - Canada (100%). Distribution companies.
• Saint-Gobain Calmar GmbH - Germany. See above.

BRAZIL

€ 1 = BRL 1.83

• SÃO LOURENÇO

99.9%-owned by Compagnie de Saint-Gobain.
Holding company. Holds: 43.7% of Saint-Gobain Vidros SA and 0.7% of Saint-Gobain Canalização - Brazil. See below.

• SAINT-GOBAIN VIDROS SA

Owned: 33.9% by Compagnie de Saint-Gobain and 43.7% by São Lourenço.
Company listed on the São Paulo Stock Exchange.
Manufactures and processes flat glass for the automobile and building industries, glass containers (bottles, flasks, industrial jars), household glassware, glass fiber insulation and glass fibers for reinforcement.
Plants in Mauá, Santo Amaro, São Paulo, São Vincente, Porto Ferreira and Capivari (State of São Paulo).
2000 sales: BRL 545 million.
Employees: 2,744.

Subsidiaries and holdings

• Cebrace - Brazil. See below.
• Subrasa - Brazil (90%). Manufactures glass containers (bottles). Plant in Campo Bom (Rio Grande do Sul).
Sales: BRL 36 million. Employees: 142.
• Rimisa - Brazil (10%). Manufactures glass containers (bottles, jars and tableware). Plant in Rio de Janeiro.
• Saint-Gobain Isover Andina - Argentina (100%). Produces fiberglass for insulation and reinforcements. Plant in Llavallol.
Sales: 12 million Argentine pesos. Employees: 91.

• CEBRACE

50%-owned by Saint-Gobain Vidros SA.
Production and processing of flat glass.
Float lines in Jacarei and Caçapava.
2000 sales: BRL 332 million.
Employees: 632.

• BRASILIT
92.5%-owned by SGPPI.
Company listed on the São Paulo Stock Exchange.
Manufactures fiber-cement sheets and moldings.
Plants in Esteio (Rio Grande do Sul) and Caxanga (Pernambuco).
2000 sales: BRL 99 million.
Employees: 616.
Sales and headcount figures include those of Ibasa.

Subsidiaries and holdings
• Eterbras - Brazil. See below.
• Brasilit da Amazonia - Ibasa (99.2% and 0.8% by São Lourenço). Fiber-cement sheets and moldings. Plant in Belem (Para).
• Santa Veronica (76% and 24% by Ibasa).
• São Juliano (25% and 50% by Santa Veronica). Holds: 100% of Saint-Gobain Materiais Cerâmicos - Brazil. Produces silicon carbide. Plant in Barbacena (Minas Gerais).
Sales: BRL 51 million. Employees: 325.
Carborundum Holding (100%). Holds Saint-Gobain Cerâmicas & Plasticos (100%). Manufactures and sales high-temperature insulation fibers and refractories. Plant in Vinhedo. Sales: BRL 84 million reais. Employees: 232.
• Saint-Gobain Quartzolit (35% and 15% by Santa Veronica). See Saint-Gobain Weber.
• Holds: 93.7% of Jundu - Brazil. Operates quarries.

• ETERBRAS
55%-owned by Brasilit.
Manufactures fiber-cement sheets and moldings.
Plants in Capivari (São Paulo), Guadalupe (Rio de Janeiro), and Goiãnia (Goiás).
2000 sales: BRL 172 million.
Employees: 787.

• SAINT-GOBAIN CANALIZAÇÃO
Owned: 67.6% by Saint-Gobain PAM, 6.4% by Ibasa, 8.7% by Santa Claudia and 0.7% by São Lourenço.
Company listed on the Rio de Janeiro and São Paulo Stock Exchanges.
Manufactures ductile cast-iron pipes and connectors.
Plant in Barra Mansa (Rio de Janeiro).
2000 sales: BRL 130 million.
Employees: 880.
Holds: a Rural Mineira - Brazil (99.9%).

• SAINT-GOBAIN ABRASIVOS LTDA
100%-owned by Spafi.
Manufactures bonded and coated abrasives.
Plants in Caieiras, Caldas, Guarulhos, Lorena, Igarassu, Paulista.
2000 sales: BRL 249 million.
Employees: 1,455.
Holds: 100% of Saint-Gobain Abrasivos Argentina - Argentina. Manufactures and sales of bonded abrasives. Plant in Campana.

MEXICO - COLOMBIA
€ 1 = 9.04 Mexican pesos
€ 1 = 476.08 Colombian pesos

• SAINT GOBAIN GLASS MEXICO
80%-owned by Saint-Gobain Cristalería.
Float line in Cuautlà.
2000 sales: 863 million Mexican pesos.
Employees: 372.

• SAINT-GOBAIN SEKURIT MEXICO
55.7%-owned by Saint-Gobain Cristalería and 44.3% by Saint-Gobain Glass Mexico.
Manufactures flat glass products for the automobile sector.
Plant in Cuautlá.
2000 sales: 715 million Mexican pesos.
Employees: 1,114.

• SAINT-GOBAIN VETROTEX AMERICA XICOH
100%-owned by Saint-Gobain Cristalería.
Manufactures and sells fiberglass reinforcements.
Plant in Xicotencatl.
2000 sales: 183 million Mexican pesos.
Employees: 239.

• SAINT-GOBAIN DE COLOMBIA
Owned: 49.4% by Saint-Gobain Cristalería, 28.5% by Compagnie de Saint-Gobain and 16.4% by Cristalería Andina.
Manufactures flat glass for the automobile and building industries.
Plants in Barranquilla and Usinme.
2000 sales: 37 billion Colombian pesos.
Employees: 375.

• PAM COLOMBIA SA
Holding: 95% by Saint- Gobain Canalizacion and 5% by Saint-Gobain Cristalería.
Manufactures water supply pipes.
2000 sales: 14 billion Colombian pesos.
Employees: 95.

• NORTON COMPANY DE MEXICO

100%-owned by Norton Foreign Affiliates.
Manufactures non-woven abrasives and grinding wheels.
Plant in Reynosa.

OTHER COUNTRIES

• GRINDWELL NORTON LTD

Owned: 26.8% by Norton Company and 24.2% by SGPPI.
Manufactures bonded and coated abrasives.
Plants in Bangalore, Bombay, Nagpur and Tirupaty (India).
2000 sales: 1.8 billion Indian rupees.
Employees: 1,723.

• SAINT-GOBAIN VETROTEX KOREA LTD

98.6%-owned by Saint-Gobain Vetrotex International.
Manufactures and sells fiberglass reinforcements.
Plant in Kunsan (South Korea).
2000 sales: 97 billion wons.
Employees: 505.

• SAINT-GOBAIN NORTON KK

100%-owned by Norton Company.
Produces superabrasives, technical ceramics, high-performance plastics, chemical process products and fused-cast ceramics and ceramic grains.
Plants in Chiba, Suwa and Seto (Japan).
2000 sales: 8 billion yen.
Employees: 185.

• SAINT-GOBAIN CRYSTALS AND DETECTORS KK

100%-owned by Spafi.
Sales unit of the Crystals and Detectors Division.
Holds: 65.6% of Saint-Gobain Ceramic Materials. Produces ceramic pellets and powders. Plant in Osaka. Employees: 124.

• SAINT-GOBAIN ABRASIVES PTY

100%-owned by Saint-Gobain Abrasifs (France).
Manufactures coated abrasives, superabrasives and grinding wheels.
Plants in Isando and Port Elisabeth (South Africa).
2000 sales: 125 million rand.
Employees: 334.

Person responsible for the Reference Document Statutory Auditors

Declaration by the person responsible for the Reference Document

To the best of my knowledge, the information contained in this reference document is correct and includes all the information required by investors to form an opinion on the assets, operations, financial position, results and outlook of Compagnie de Saint-Gobain and the Saint-Gobain Group. No information has been omitted that would be likely to alter an investor's opinion.

Chairman and Chief Executive Officer

Jean-Louis BEFFA

Declaration by the Auditors of the financial statements of the Company and the Group

In our capacity as statutory auditors of Compagnie de Saint-Gobain (the Company) and as required by Commission des Opérations de Bourse regulation COB 98-01, we have examined in accordance with French professional standards the information about the financial position and the historical accounts included in this "Reference Document".

This "Reference Document" is the responsibility of the Chairman of the Board of Directors of Compagnie de Saint-Gobain. Our responsibility is to express an opinion on the fairness of the information about the financial position and the accounts contained in this "Reference Document".

Our procedures, which were performed in accordance with French professional standards, consisted of assessing the fairness of the information about the financial position and the accounts and verifying that this information agrees with the audited financial statements, reading the other information contained in the "Reference Document" in order to identify any material inconsistencies with the information about the financial position and the accounts, and reporting any manifestly incorrect information that came to our attention, based on our overall knowledge of the Company, as acquired during our audit. When reading the forward looking information determined according to a structured process, we took into account the assumptions used by management and the amounts obtained by applying these assumptions.

We also audited the consolidated financial statements for the years ended December 31, 2000, 1999 and 1998, as approved by the Board of Directors. Our audits were performed in accordance with auditing standards generally accepted in France. Our reports on these consolidated financial statements were free of qualifications. Our report on the consolidated financial statements for the year ended December 31, 2000 contained the following observation: "*Without qualifying the opinion expressed above, we draw your attention to note 1 to the consolidated financial statements which describes a change in the method of accounting for pensions and other post-retirement benefits*".

In addition, we audited the financial statements of the Company for the years ended December 31, 2000, 1999 and 1998, as approved by the Board of Directors. Our audits were performed in accordance with auditing standards generally accepted in France. Our reports on these financial statements were free of qualifications. Our report on the financial statements for the year ended December 31, 1999 contained the following observation: "*Without qualifying the opinion expressed above, we draw your attention to notes 1, 7 and 9 which describe a change in accounting method for the financial statements of the Company's German branch.*"

Based on the procedures described above and taking into account the observations made in our audit reports, as mentioned above, we have nothing to report with respect to the fairness of the information about the financial position and the historical financial statements contained in this "Reference Document".

Paris, April 6, 2001

The Statutory Auditors

Befec – Price Waterhouse
Member of PricewaterhouseCoopers

S.E.C.E.F.

Mike MORALEE

Christian MARCELLIN

Jacques TENETTE

COB

In application of regulation COB 98-01, the Commission des Opérations de Bourse registered this "Reference Document" on April 6, 2001 under no. R 01-087. This "Reference Document" may not be used in connection with a financial transaction unless it is accompanied by an Information Memorandum approved by the Commission des Opérations de Bourse.
This "Reference Document" has been prepared by the issuer and is the responsibility of the persons whose signatures appear herein.
This "Reference Document" has been registered following an examination of the relevance and consistency of the information provided on the Company's position, without any assurance being given as to the authenticity of the accounting and financial information.

Ordinary and Extraordinary General Meeting of June 28, 2001

Report of the Board of Directors to the Ordinary and Extraordinary General Meeting of June 28, 2001

Of the resolutions submitted for your approval, resolutions 1 to 8 belong to the Ordinary Shareholders' Meeting and resolutions 9 to 17 belong to the Extraordinary Shareholders' Meeting.

I - Annual financial statements and dividend

The Group's consolidated financial statements and the Company's annual financial statements are shown in the Report on the 2000 Financial year.

We ask that you approve the financial statements of Compagnie de Saint-Gobain for the year ended December 31, 2000 (**1st resolution**).

The description of the Company's financial position at December 31, 2000, its business and results for the year then ended, as well as the information required by applicable legislation and regulations, are also included in the Report on the 2000 Financial year, to which we draw your attention.

Appropriation of net income

The Company had net income for the year 2000 of € 1,014,611, up from € 573,860 in 1999.

In light of pre-existing retained earnings of € 441,402 thousand, taking into account the € 3,889 thousand adjustment of the dividend paid in respect of 1999 following the purchase of treasury stock between March 30, 2000, date of the Meeting of the Board of Directors to approve the financial statements, and July 3, 2000, when payment of the dividend began, distributable earnings amount to € 1,456,013 thousand.

We propose (**2nd resolution**) that the General Meeting:

- appropriate € 672,479 thousand to the regulated long-term capital gains reserve;
- carry forward € 426,223 as retained earnings;
- and distribute € 357,311 thousand to the shareholders, representing a net dividend of € 4.30 per share, which, after taking into account the tax credit of € 2.15, represents a gross dividend of € 6.45 per share.

The net dividend of € 4.30 will be paid for each of the shares outstanding on the date at which payment of the dividend will begin, July 2, 2001. It will be paid wholly in cash.

II - Regulated agreements

The regulated agreements governed by articles L. 225-38 *et seq.* of the new French Commercial (formerly articles 101 *et seq.* of the Companies Act) entered into in 2000 are described in the attached statutory auditors' special report and are submitted for your approval (**3rd resolution**).

III - Authorization to repurchase Saint-Gobain stock

The purpose of the **4th resolution** is to authorize the Board of Directors to buy back the Company's own shares. The maximum purchase price and minimum selling price have been set at € 215 and € 110 respectively.

The authorization being sought is intended to enable the Company to benefit from the flexibility allowed by legal provisions governing the repurchase of shares: to hold the shares or dispose of them in any way, including in exchange for shares in other companies, manage the company's cash position or equity, grant options to purchase shares, award shares to employees, respond to market trends with purchases or sales, stabilize the share price, or cancel them, up to a limit of 10% of capital stock (the latter being subject to authorization by an Extraordinary Meeting, as planned in the fourteenth resolution).

The authorization to repurchase shares granted last year was implemented. Information on this point may be found on page XX of the Report on the 2000 Financial year.

IV - Confirmation of the appointment of a Director and election of a new Director

Acting upon a recommendation from the Appointments Committee at its meeting of March 29, 2001, the Board of Directors appointed Jean-Martin FOLZ to replace Pierre FAURRE following the latter's death on February 6, 2001. We propose that you approve Jean-Martin FOLZ'S appointment for the remainder of his predecessor's term of office, up to the close of the General Meeting called to approve the financial statements for the year ended December 31, 2004 (**5th resolution**).

The Appointments Committee has also proposed that the Board of Directors designate Paul Allan DAVID as a candidate for the office of Director. We have adopted this proposal and recommend that you elect Paul Allan DAVID as a Director (**6th resolution**).

This election will bring the number of serving Directors to fifteen. It will therefore require a change in Company bylaws, as the maximum number of Directors making up the Board is currently set at fourteen. This change is submitted for your approval in the 15th resolution below.

This election will be for a term of six years, expiring at the close of the General Meeting called to approve the financial statements for the year ended December 31, 2006.

You will find below biographical information on Jean-Martin FOLZ and Paul Allan DAVID:

Jean-Martin FOLZ, 54, is a graduate of École polytechnique and École des mines engineering programs. After having held several civil service positions (1970-1978), he ran the Rhône-Poulenc Polymers plant in Saint-Fons (1979), then was Senior Vice-President of Rhône-Poulenc Specialty Chemicals (1981), Chief Operating Officer then Chairman and CEO of Jeumont-Schneider (1984), CEO of Péchiney, Chairman of Carbone Lorraine (1987), CEO of Eridania Béghin-Say (1991) and Senior Vice-President, Automotive Division, of PSA Peugeot Citroën (1996).

Since 1997, Mr. FOLZ has been Chairman of the Management Board of PSA and Chairman of the Boards of Directors of Automobiles Citroën, Automobiles Peugeot, Banque PSA Finance and Peugeot Citroën Automobiles SA.
He is also a Director of Faurecia, and holds 300 Saint-Gobain shares.

Paul A. DAVID, 66, a US citizen, is Professor of Economics at Stanford University (USA), where he leads a research program on the economic impact of new technology, and Professor of Economics and Economic History at the University of Oxford (United Kingdom).
Paul DAVID is of the leading contributors to contemporary economic history and one of the fathers of the theory of historical dependency. He is also specialized in the study of economic institutions and in the analysis of technological change, particularly with regard to information technology and networks.
Professor DAVID is the author of numerous books and publications, the most recent of which are the following: *The Economic Future in Historical Perspective (collective, 2001), Heart of Darkness: Modeling Public-private Funding Interactions Inside the R&D Black Box (collective, 2000) and Early Twentieth Century Productivity Growth Dynamics: an Inquiry into the Economic History of our Ignorance (collective, 1999).*

V - Increase in annual amount of Directors' attendance fees

We recommend that the annual amount of Directors' attendance fees, which had been set at FF 2,550,000 (about € 390,000) by the General Meeting of June 29, 2000, be increased to € 500,000 (7th resolution), in order to take into account the proposed increase in the number of Directors, the significant number of Board meetings (seven per year) and the extensive development in the work of the Board of Directors' two committees, the Financial Statements Committee and the Appointments Committee.

VI - Renewal of financial authorizations given by the General Meeting to the Board of Directors

Three of the resolutions submitted for your approval provide for the renewal, for a period of twenty-six months, of resolutions adopted at the General Meeting of June 24, 1999. One of the three will be considered by the Ordinary Meeting and the other two by the Extraordinary Meeting.
In the 8th resolution, we request that you grant full authority to the Board of Directors, including the power to delegate this responsibility, to issue bonds and other debt securities up to a maximum of € 3 billion.
In addition, we recommend that you authorize the Board of Directors to issue, if it deems it advisable, any type of shares or share equivalents, through two resolutions, one in which shareholders' preemptive subscription rights are maintained, and the other in which they are suppressed.

The 9th resolution gives full authority to the Board of Directors to increase capital stock, either through the issue, with preemptive subscription rights for existing shareholders, of shares or share equivalents (such as bonds convertible to common stock, shares or bonds with warrants to subscribe for common stock, bonds reimbursed by common stock etc.), or through the capitalization of reserves. The maximum par value of common stock which may be issued under this resolution is € 760 million (the par value of any common stock issued in accordance with the 10th resolution would also be charged against this amount), and the nominal amount of debt securities issued may not exceed € 3 billion or the equivalent thereof.
The 10th resolution suppresses shareholders' preemptive subscription rights and grants full authority to the Board of Directors, including the power to delegate this responsibility, to issue, whether in France, in other countries or on the international market, the same types of securities as those mentioned in the previous resolution, it being specified that these securities may be issued in exchange for securities contributed to the Company in the context of a tender offer to exchange securities. In addition, the authority sought under this resolution allows the issue of Compagnie de Saint-Gobain stock in response to the exercise of rights granted by marketable securities that may be issued, with the agreement of the Board of Directors, by direct or indirect subsidiaries of Compagnie de Saint-Gobain. The maximum par value of common stock which may be issued under this resolution is the same as for the previous resolution (the par value of any common stock issued in accordance with either of the two resolutions would be charged against this amount of € 760 million), and the nominal amount of debt securities issued may not exceed € 3 billion or the equivalent thereof.
The purpose of the financial authorizations which you are asked to renew and approve is to give the Board of Directors great flexibility in the choice of possible issues and to tailor the form of marketable securities to be issued to the conditions and opportunities on French or international financial markets at the time. The possibility of issuing securities without preemptive subscription rights for existing shareholders is designed for situations where the timing of the issue is crucial to its success, and for access to a broad lending base through issues on financial markets outside France, including international markets. Should the Board make use of the authorization granted by the 10th resolution, it may decide to offer shareholders a priority subscription period if the issues are carried out on the French market. After the priority period, the securities not taken up would be the object of a public offer.
The authorization which includes the suppression of preemptive subscription rights provides that the consideration receivable by the company for issues of common stock be determined based on the average of the opening market price on the Paris Stock Exchange on ten consecutive days selected from the twenty preceding the date of the Board meeting deciding on the issue of these securities.

In any event, we wish to specify that only the issue of Company common stock is envisaged, to the exclusion of preference stock, non-voting priority dividend shares or investment certificates.
Should the Company issue marketable securities other than common stock, the conditions for exercising any rights giving access to common stock, including the dates from which such rights could be exercised, would be determined by the Board at the time of deciding on the issue.

VII - Continuing development of employee stock ownership

The **11th resolution** is part of the commitment to developing employee ownership of the Company, one of the Board's constant objectives over the past thirteen years.
Taking into account the ever-increasing number of countries which have joined this Plan, the purpose of this resolution is to renew the authorization given to the Board no later than last year, to issue common stock reserved for the members of the Group Savings Plan. The Plan, which was renewed this year, offers the opportunity, subject to certain conditions, to employees and former employees of Group companies in France and other countries to subscribe directly or indirectly to shares, at a discount of up to 20% on the average stock market price for the twenty trading days preceding the decision by the Board. By its very nature, this resolution leads to the suppression of shareholders' preemptive subscription rights. As was the case last year, this authorization will be granted up to a maximum par value of € 64 million (or four million shares) and for a period of twenty-six months.
The purpose of the **12th resolution** is to issue common stock reserved for employees of the Group's US subsidiaries, via a company selected for the needs of an employee savings operation with a lever effect, which is likely to be organized for their benefit. The total number of shares subscribed under this reso lution, which may not exceed one million, will be deducted from the maximum number authorized for the Group Savings Plan under the previous resolution, or four million shares. This authorization will be valid for a period of twenty-four months.

VIII - Authorization to the Board of Directors to grant stock purchase options

As regards the stock purchase options authorized by the **13th resolution**, you are asked to renew the authorization which had been granted by the General Meeting of June 24, 1999, again for a period of twenty-six months, and to raise the limit to 3% of capital stock.

IX - Possible cancellations of capital stock

The **14th resolution** provides for the renewal for a period of twenty-four months of the authorization granted to the Board of Directors by the General Meeting of June 24, 1999, to cancel Company stock repurchased in line with authorizations granted by General Meetings, up to a limit of 10% of capital stock.

X - Changes in Company bylaws

The purpose of the **15th resolution** is to raise the maximum number of Directors from fourteen to fifteen, in order to allow the election of Paul Allan DAVID, requested in the 6th resolution, to take effect.
The following resolution (**16th resolution**) allows the use of any means of telecommunication (e.g. videoconferencing, Internet or other network communication applications) as soon as applicable legislation and regulations permit this, for certain meetings of the Board of Directors, for Shareholders' General Meetings and for the public broadcasting of the latter; it also enables shareholders to sell their shares even after having placed them in a blocked account in order to take part in a General Meeting; it makes certain changes to the bylaws to comply with the new French Commercial Code which replaced the Companies Act of 1966; lastly, it updates the Company's corporate purpose and simplifies its wording.
The **17th resolution** gives the necessary powers to implement the decisions taken by the General Meeting and to complete the legal formalities.

Please find hereafter additional information required by law:

Crossing of disclosure thresholds
In 2000, the Company fell below the following ownership or voting rights thresholds:
• Vivendi: the Company fell below the 5% voting rights threshold by its disposal of 4,000,000 Vivendi shares on February 16, 2000;
• Essilor International: the Company fell below the thresholds of one-third of voting rights and of one-fifth, one-tenth and one-twentieth of ownership and voting rights, following its disposal of 3,378,055 shares, representing the Company's entire interest in Essilor, on November 13, 2000, of which 1,051,158 shares were sold to Essilor International and 2,326,897 were sold on the market via an open-priced offer.

Employee stock ownership
Finally, the portion of capital stock and voting rights in the Company held by Group employees as a whole amounted to 6.1% and 8% respectively at December 31, 2000 (page 51 of the Report on the 2000 Financial year). Accordingly, on October 31, 2000, the companies managing the Group Savings Plan disclosed that, collectively, they had exceeded the threshold of 5% ownership of the Company.
In accordance with article L.225-23 of the new French Commercial Code, the Company's Board of Directors includes a Director representing Saint-Gobain employee shareholders: Jean-Maurice MALOT, who is the President of the Supervisory Board of the Group Savings Plan Mutual Funds, elected from among the members of this Board representing employees.

Agenda

Ordinary Meeting

- Approval of the financial statements for the year ended December 31, 2000.
- Approval of the appropriation of net income and the proposed dividend.
- Approval of agreements governed by article L.225-38 of the French Commercial Code.
- Authorization to the Board of the Directors to buy back the Company's shares.
- Confirmation of the appointment of a Director.
- Election of a new Director.
- Increase in annual amount of Directors' attendance fees.
- Authorization to the Board of Directors to issue bonds and other debt securities up to a maximum of € 3 billion.

Extraordinary Meeting

- Authorization to the Board of Directors to increase capital stock, either through the issue, with priority subscription rights for Compagnie de Saint-Gobain shareholders, of shares or share equivalents or through the capitalization of reserves, profits or issue premiums, up to a maximum of € 760 million (par value of shares) and € 3 billion (nominal value of other securities).
- Authorization to the Board of Directors to increase capital stock, through the issue, without priority subscription rights for Compagnie de Saint-Gobain shareholders, of shares or share equivalents, including if applicable securities to be issued by subsidiaries, up to a maximum of € 760 million (par value of shares) and € 3 billion (nominal value of other securities).
- Authorization to the Board of Directors to issue shares reserved for members of the Group Savings Plan up to a maximum aggregate par value of € 64 million.
- Authorization to the Board of Directors to issue shares reserved, if required, to a company selected for the needs of the Savings Plan of the employees of the Group's US subsidiaries.
- Authorization to the Board of Directors to cancel, if it deems appropriate, up to 10% of capital stock.
- Change in the number of Directors making up the Board of Directors and corresponding change in article 9 of the bylaws.
- Other changes in the bylaws:

a - authorization to the Board of Directors to hold some of its meetings via any authorized means of telecommunication as soon as applicable legislation and regulations allow this to take place;

b - authorization to use any means of telecommunication for Shareholders' Meetings as soon as applicable legislation and regulations allow this to take place;

c - authorization to broadcast publicly the proceedings of Shareholders' Meetings via any means of telecommunication;

d - authorization to the shareholders to sell their shares even after having blocked them in order to take part in Shareholders' Meetings;

e - updating of the bylaws to comply with the new French Commercial Code;

f - updating of corporate purposes.

- Powers to carry out formalities.

Resolutions submitted for approval by the Ordinary and Extraordinary General Meeting of Thursday, June 28, 2001

Ordinary Meeting

First resolution

The purpose of this resolution is to approve the financial statements for the year ended December 31, 2000.

The General Meeting, after communication of the report of the Board of Directors and the general report of the statutory auditors, approves the financial statements for the year ended December 31, 2000 as presented, as well as the transactions reflected in these financial statements and summarized in these reports.

Second resolution

The purpose of this resolution is to approve a net dividend of € 4.30 per share (gross dividend: € 6.45).

The General Meeting, noting that net income for the year amounts to € 1,014,610,866.95 and retained earnings to € 441,401,840.27, giving a total of € 1,456,012,707.22, approves the proposals made by the Board of Directors with respect to the appropriation of net income and decides:

- to appropriate € 672,478,921.49 to the special long-term capital gains reserve;
- to carry forward € 426,222,636.93 as retained earnings;
- to appropriate for distribution to the shareholders:

- a first dividend of € 66,476,492.80,
- an additional dividend of € 290,834,656.00,
- giving a total amount of € 357,311,148.80.

The net dividend per share carrying dividend rights will therefore amount to € 4.30 which, after taking into account the tax credit (at the rate of 50%) of € 2.15, represents a gross dividend of € 6.45.

In accordance with legal requirements, dividends paid in the last three years are presented in the following table:

Year	Number of shares for which a dividend was paid	Net dividend (in €)	Tax credit (in €)	Total income (in €)
1997	89,226,813	2.82	1.41	4.23
1998	83,875,788	3.20	1.60	4.80
1999	83,587,844	3.60	1.80	5.40

Third resolution

The purpose of this resolution is to approve the regulated agreements signed in 2000.

The General Meeting, having reviewed the special report of the statutory auditors drawn up in accordance with article L.225-40 of the Commercial Code, approves the agreements listed in this report.

Fourth resolution

The purpose of this resolution is to authorize the Board of Directors, over a period of eighteen months, to buy and possibly resell the Company's own shares.

The General Meeting, having reviewed the report of the Board of Directors and the prospectus approved by the Commission des Opérations de Bourse, authorizes the Board of Directors to buy back Company shares, in accordance with articles L.225-209 *et seq*. of the Commercial Code, on one or more occasions and in any manner, including by private agreement or in option transactions, in order to hold the shares or dispose of them in any way, including through sales or in exchange for shares, to manage the company's cash position or equity, to grant stock purchase options, to reserve shares for employees, to respond to market trends with purchases or sales, to stabilize the share price, or subject to authorization by an Extraordinary Meeting cancel these shares, on the following terms:

- maximum purchase price: € 215
- minimum sale price: € 110
- maximum number of shares: 10% of the total number of shares outstanding at the date on which the action hereby authorized is taken.

This authorization, granted for a period of eighteen months from the date of this General Meeting, supersedes, for the unexpired period, the unused portion of the authorization granted in the third resolution of the General Meeting of June 29, 2000.

The Meeting gives full powers to the Board of Directors, with power of delegation, to enter into all agreements, complete all formalities, make the required returns to public bodies and, generally take all necessary steps to implement this authorization.

Fifth resolution

The purpose of this resolution is to confirm the appointment of a new Director.

The General Meeting confirms the appointment of Jean-Martin FOLZ as Director, which was made on a provisional basis by the Board of Directors at its meeting of March 29, 2001, to replace Pierre FAURRE following his death and for the remainder of the latter's term of office, up to the General Meeting called to approve the financial statements for the year ended December 31, 2004.

Sixth resolution

The purpose of this resolution is to elect a new Director.

The General Meeting elects as a Director Paul Allan DAVID, subject to the voting of the fifteenth resolution concerning the maximum number of Directors making up the Board of Directors. He will hold office for a period of six years, expiring at the close of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2006.

Seventh resolution

The purpose of this resolution is to raise the amount of Directors' annual attendance fees.

The General Meeting decides to raise to € 500,000 the maximum annual amount of attendance fees granted to Directors.

Eighth resolution

The purpose of this resolution is to renew the authorization granted to the Board of Directors by the General Meeting of June 24, 1999, to issue bonds and other debt securities up to a maximum of € 3 billion.

The General Meeting, having reviewed the report of the Board of Directors, authorizes the Board of Directors to issue at its discretion, on one or more occasions, whether in France, in other countries or on the international market, bonds and other debt securities, such as fixed-term or perpetual subordinated securities, at fixed or variable rates, with or without any warrants giving rights to the granting, purchase or subscription of any other debt securities.

The maximum nominal value of the debt issues mentioned above may not exceed € 3 billion or the equivalent in French francs or any other currency or unit defined by reference to a set of currencies.

The General Meeting grants full powers to the Board of Directors, including the power to delegate this responsibility as allowed by legislation, to carry out this issue or these issues, determining the nature of the securities, as well as all the conditions and interest rates governing their use, amortization or repayment, including through exchange or transfer of other marketable securities held by the company.

This authorization, valid for a period of twenty-six months from the date of this General Meeting, supersedes, for the unexpired period, the unused portion of the authorization granted in the tenth resolution of the General Meeting of June 24, 1999.

Extraordinary Meeting

Ninth resolution

The purpose of this resolution is to renew the authorization granted to the Board of Directors by the General Meeting of June 24, 1999 to increase capital stock, either through the issue, with preemptive subscription rights for Compagnie de Saint-Gobain shareholders, of shares or share equivalents or through the capitalization of reserves, profits or issue premiums, up to a maximum of € 760 million (par value of shares) and € 3 billion (nominal value of other securities).

The Extraordinary General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with applicable regulations, notably paragraph 3 of article L.225-129, III of the Commercial Code:

1 - Grants full powers to the Board of Directors to increase the capital stock, on one or more occasions, at its discretion, in the proportion and at the periods that it will determine:

a - by the issue in euros, French francs, foreign currencies or any other unit defined by reference to a set of currencies, of common stock, separate share warrants, and/or other marketable securities which may give immediate or later access, at any time or at a fixed date, to common stock in the company by subscription, conversion, exchange, reimbursement, presentation of a warrant or in any other way;

b - and/or by capitalization of premiums, reserves, profits or similar when this is possible both legally and in accordance with the bylaws, and by way of granting bonus shares or by increasing the par value of existing shares.

2 - Determines that this authorization shall be valid for a period of twenty-six months from the date of this General Meeting.

3 - Decides to limit, if the Board of Directors uses the authorization for issues described in 1/a) above:

a - the maximum par value of common stock which may be issued, either directly or on presentation of bonds or other securities, to € 760 million or the equivalent of this amount, which includes the total par value of common stock which may need to be issued to preserve the rights of the holders of these securities in accordance with the law, it being specified that the par value of any common stock issued, directly or not, in accordance with the tenth resolution of this General Meeting would be charged against this amount;

b - the maximum nominal amount of debt securities which may be issued to € 3 billion or the equivalent thereof.

4 - In the event that the Board of Directors uses this authorization for issues described in 1/a) above:

a - decides that the issues will be preemptively reserved for existing shareholders in proportion to their subscription rights;

b - nevertheless grants the Board of Directors the right to set up reducible subscription rights on terms to be determined at its discretion;

c - notes and decides that, where necessary, this authorization withdraws preemptive subscription rights from existing shareholders and grants them to the holders of the securities to be issued.

5 - Gives the necessary powers to the Board of Directors to execute this authorization, or delegate its execution, in accordance with applicable legislation, and:

a - determine the conditions for the increase in capital and/or the issue(s);

b - for all issues made in accordance with the authorization granted in 1/a) above:

- to decide the amount of the issue, the issue price and the premium;
- to determine the dates and the conditions of the issue, as well as the nature, form and characteristics of the securities to be created, which could include subordinated or unsubordinated securities, with or without a fixed maturity;
- to determine the conditions to pay up the shares and/or securities issued or to be issued;
- to define, if necessary, the conditions for exercising the rights attached to the securities issued or to be issued and in particular to determine the date, even retroactively, from which the new shares bear rights, as well as all other conditions and formalities for carrying out the issue;
- to set the conditions under which the Company will be able, if need be, to purchase or to exchange on the stock market, at any time or during determined periods, the securities issued or to be issued;
- to plan the possibility of suspending the rights attached to the securities for a maximum period of three months;
- at its sole discretion, to charge the share issue costs to the related premiums and to credit all or part of the remaining premiums to the legal reserve as needed in order to raise this reserve to one-tenth of the new capital stock after each increase.

c - for any capitalization of premiums, reserves, profits or others:

- to set the amounts and types of the sums to be included in capital stock, set the number of new shares to be issued or the amount by which the par value of the existing shares will be increased, determine the date, even retroactively, from which the new shares will bear rights or at which the increased par value will come into effect;
- to decide, as necessary, by a waiver from the provisions of article L.225-149 of the Commercial Code, that fractional rights representing less than a share shall not be tradeable and that the corresponding shares will be sold;

d - in general, to enter into any agreement, take all the necessary measures and complete all the necessary formalities required for the issue and the financial service of the securities issued by way of this authorization as well as the exercise of the attached rights, verify each increase in capital and make the corresponding changes in the bylaws.

6 - Notes that this authorization, valid for a period of twenty-six months from the date of this General Meeting, supersedes, for the unexpired period, the unused portion of the authorization granted in the eleventh resolution of the General Meeting of June 24, 1999.

Tenth resolution

The purpose of this resolution is to renew the authorization granted to the Board of Directors by the General Meeting of June 24, 1999 to increase capital stock through the issue, without preemptive subscription rights for Compagnie de Saint-Gobain shareholders, of shares or share equivalents, including if applicable securities to be issued by subsidiaries, up to a maximum of € 760 million (par value of shares) and € 3 billion (nominal value of other securities).

The Extraordinary General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with applicable regulations, notably paragraph 3 of article L.225-129, III of the Commercial Code as well as articles L.225-148, L.225-150 and L.228-93 of the same Code:

1 - Grants full powers to the Board of Directors to increase capital stock, on one or more occasions, at its discretion, in the proportion and at the periods that it will determine, on the French and/or international stock markets, by way of a public offer, in euro, French francs, foreign currencies or any other unit determined by reference to a set of currencies, by the issue:

a - of common stock, separate share warrants and/or marketable securities giving immediate or later access, at any time or at a fixed maturity date, to common stock in the Company either by subscription, conversion, exchange, reimbursement, presentation of a warrant or in any other way, it being specified that these securities may be issued in exchange for securities contributed to the Company in the context of a tender offer to exchange securities made in accordance with the conditions defined by article L.225-148 of the Commercial Code;

b - and/or securities described below, following the issue by one of the companies in which Compagnie de Saint-Gobain holds directly or indirectly more than a 50% interest, and with the latter's agreement:

- either bonds with warrants to subscribe for common stock of Compagnie de Saint-Gobain;
- or any other marketable securities which give the right through subscription, conversion, exchange, reimbursement, presentation of a warrant or in any other way, to the allocation, at any time or at a fixed maturity date, of Compagnie de Saint-Gobain shares , it being specified that these marketable securities could take the form of shares with warrants to subscribe for common stock, bonds convertible to common stock, bonds reimbursed by common stock or any other form which is not incompatible with applicable legislation.

2 - Determines that this authorization shall be valid for a period of twenty-six months from the date of this General Meeting.

3 - Decides to limit, if the Board of Directors uses this authorization:

a - the maximum par value of common stock which may be issued, either directly or on presentation of bonds or other securities, to € 760 million or the equivalent of this amount, which includes the total par value of common stock which may need to be issued to preserve the rights of the holders of these securities in accordance with the law, it being specified that the value of any stock issued, directly or not, in accordance with the ninth resolution of this General Meeting would be charged against this amount;

b - the maximum nominal amount of debt securities which may be issued to € 3 billion or the equivalent thereof.

4 - Decides to cancel shareholders' preemptive subscription rights to the securities discussed in this resolution, whether issued by the Company itself or by a subsidiary more than 50%-owned by the Company. However, the Board of Directors will be entitled to grant to shareholders, for a set period and under the terms which it will determine, for all or part of the issue, a priority in subscribing. This priority, which will not create negotiable rights, shall be exercised in proportion to the number of shares held by each shareholder. It may be completed by a reducible subscription. After the priority period, the securities not taken up will be the object of a public offer.

5 - Notes and decides that, where necessary, this authorization withdraws preemptive subscription rights from existing shareholders and grants them to the holders of the securities to be issued.

6 - Decides that the amount of the consideration receivable or which may eventually be receivable by the company for each of the shares of common stock issued or to be issued in accordance with the terms of this authorization will be at least equal to the following figure: average of the opening market price on the Paris Stock Exchange on ten consecutive days selected from the twenty preceding the date of issue of the shares and/or share warrants. If applicable, this average may be adjusted to take into account differences in dates from which rights apply.

7 - Gives the necessary powers to the Board of Directors to execute this authorization, or delegate its execution, in accordance with applicable legislation, and:

- to determine the conditions for the issues(s) in agreement with, if appropriate, the boards of directors of the companies concerned;
- to decide the amount of the issue, the issue price and the premium;
- to determine the dates and conditions of the issue, as well as the nature, form and characteristics of the securities to be created, which could include subordinated or unsubordinated securities, with or without a fixed maturity;
- to determine the conditions to pay up the shares and/or securities issued or to be issued;
- to define, if necessary, the conditions for exercising the rights attached to the securities issued or to be issued and in particular to determine the date, even retroactively, from which the new shares bear rights, as well as all other conditions and formalities for carrying out the issue;
- to set the conditions under which the Company will be able, if need be, to purchase or to exchange on the stock market, at any time or during determined periods, the securities issued or to be issued;
- to plan the possibility of suspending the rights attached to these securities for a maximum period of three months;
- more particularly, in the case of a share issue to remunerate shares contributed in respect of a tender offer of exchange, to determine the list of securities contributed to the exchange, to define the conditions of issue, the share parity and, if need be, the amount of cash to be paid in addition and to determine the conditions of the issue either for a tender offer of exchange, an alternative offer to acquire or to exchange, or a principal tender offer to acquire or exchange associated with a specific tender offer to exchange or acquire;
- at its sole discretion, to charge the share issue costs to the related premiums and to credit all or part of the remaining premiums to the legal reserve as needed in order to raise this reserve to one-tenth of the new capital stock after each increase;
- in general, to enter into any agreement, take all the necessary measures and complete all the necessary formalities required for the issue and the financial service of the securities issued by way of this authorization as well as the exercise of the attached rights, verify each increase in capital and make the corresponding changes in the bylaws.

8 - Notes that this authorization, valid for a period of twenty-six months from the date of this General Meeting, supersedes, for the unexpired period, the unused portion of the authorization granted in the twelfth resolution of the General Meeting of June 24, 1999.

Eleventh resolution

The purpose of this resolution is to renew the authorization given to the Board of Directors by the General Meeting of June 29, 2000 to issue shares reserved for members of the Group Savings Plan up to a maximum aggregate par value of € 64 million.

The Extraordinary General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with applicable regulations, notably article L.225-138 of the Commercial Code and articles L.443-1 *et seq*. of the Labor Code:

1 - Grants full powers to the Board of Directors to increase capital stock, on one or more occasions, at its discretion, by issuing common stock reserved for the members of the company savings plan. The shareholders therefore explicitly waive their preemptive right to subscribe to these shares.

2 - Decides that the shares issued under this authorization will be offered for subscription by the members of the savings plan of Compagnie de Saint-Gobain or some or all of its affiliates as defined by article L.225-180 of the Commercial Code, subject to conditions which may be set by the Board of Directors.
3 - Determines that this authorization shall be valid for a period of twenty-six months from the date of this General Meeting.
4 - Decides to set at € 64 million the maximum aggregate par value of the shares which can be issued.
5 - Decides that the price of the shares subscribed by the beneficiaries described above, in application of this authorization, must not be more than 20% lower than the average of the opening market prices quoted for existing shares on the first market of the Paris Stock Exchange over the twenty trading days preceding the date of the decision of the Board setting the date on which the shares will be offered for subscription.
6 - Gives the necessary powers to the Board of Directors to execute this authorization, or delegate its execution in accordance with applicable legislation, subject to the limits and conditions defined above, and:
- to define the conditions of eligibility to participate in the share issues carried out under this authorization;
- to determine the terms and conditions of issue;
- to decide on the amount of the share issues, the issue price, the dates and other terms and conditions of each issue;
- to set the time limit for paying up the shares;
- to determine the date, even retroactively, from which the new shares will carry dividend and voting rights;
- to record the increase in capital stock for the amount of the shares effectively subscribed, or to decide to raise the amount of the issue in order that all subscription requests received may be served;
- at its sole discretion, to charge the share issue costs to the related premiums and to credit all or part of the remaining premiums to the legal reserve as needed in order to raise this reserve to one-tenth of the new capital stock after each increase;
- to take all the necessary steps and carry out all the necessary formalities related to the increases in capital stock, including amending the company bylaws.

7 - Notes that this authorization, valid for a period of twenty-six months from the date of this General Meeting, supersedes, for the unexpired period, the unused portion of the authorization granted in the seventh resolution of the General Meeting of June 29, 2000.

Twelfth resolution

The purpose of this resolution is to issue shares reserved for the Group's US subsidiaries via a company selected for the purposes of an employee savings operation likely to be organized for their benefit.
The Extraordinary General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors:
1 - Grants full powers to the Board of Directors to increase capital stock, on one or more occasions, at its discretion, by issuing common stock reserved for the company Saint-Gobain Savings Plan.
2 - Decides as a result to cancel shareholders' preemptive subscription rights and to reserve subscription of all shares to be issued under this resolution to Saint-Gobain Savings Plan, a French simplified corporation *(société par actions simplifiée)* registered with the Nanterre Companies Register under reference B 434 565 057.
3 - Determines that this authorization shall be valid for a period of twenty-four months from the date of this General Meeting.
4 - Decides that the maximum aggregate par value of stock to be issued under this resolution will be € 16 million. This amount will be deducted from the total aggregate par value of shares that may be issued in accordance with the eleventh resolution, € 64 million.
5 - Decides that the issue price of the new shares subscribed by the beneficiary described above, in application of this authorization, must not be more than 20% lower than the average of the opening market prices quoted for existing shares on the first market of the Paris Stock Exchange over the twenty trading days preceding the date of the decision of the Board setting the terms of the share issue.
6 - Decides, in accordance with the provisions of article L.225-206-1 of the Commercial Code, that the Board of Directors may use this authorization only for the purposes of one or more employee savings operations organized for the employees of the Group's US subsidiaries.
7 - Gives the necessary powers to the Board of Directors to execute this authorization, or delegate its execution in accordance with applicable legislation, subject to the limits and conditions defined above, and:
- to determine the terms and conditions of issue;
- to decide on the amount of the share issues, the issue price, the dates and other terms and conditions of each issue;
- to set the time limit for the beneficiary to pay up the shares;
- to determine the date, even retroactively, from which the new shares will carry dividend and voting rights;

- to record the increase in capital stock for the amount of the shares effectively subscribed, or to decide to raise the amount of the issue in order that all subscription requests received may be served, within the limits set by this authorization;
- at its sole discretion, to charge the share issue costs to the related premiums and to credit all or part of the remaining premiums to the legal reserve as needed in order to raise this reserve to one-tenth of the new capital stock after each increase;
- to take all the necessary steps and carry out all the necessary formalities related to the increases in capital stock, including amending the company bylaws.

Thirteenth resolution

The purpose of this resolution is to renew the authorization given to the Board of Directors by the General Meeting of June 24, 1999 to grant stock purchase options up to a maximum aggregate par value equivalent to 3% of capital stock.

The Extraordinary General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with applicable regulations, notably article L.225-179 to L.225-184, as well as L.225-209 of the Commercial Code:

1 - Grants full powers to the Board of Directors to award stock purchase options, on one or more occasions, at its discretion, to the beneficiaries listed below. These options will be covered by share buybacks carried out under the terms defined by applicable regulations.

2 - Determines that this authorization shall be valid for a period of twenty-six months from the date of this General Meeting.

3 - Decides that the only beneficiaries of the options will be employees (collectively, on an individual basis or by category) or the corporate officers, as defined by applicable legislation, of Compagnie de Saint-Gobain or companies or intercompany partnerships which are directly or indirectly affiliated with it in accordance with the conditions of article L.225-180 of the Commercial Code.

4 - Decides that the total number of options which can be granted cannot give rights to purchase a number of shares exceeding three percent of Compagnie de Saint-Gobain capital stock.

5 - Decides that the purchase price to be paid by the beneficiaries will be determined in accordance with legal provisions applicable on the day the options are awarded by the Board of Directors.

6 - Gives the necessary powers to the Board of Directors to execute this authorization, in accordance with applicable legislation, and:

- set the conditions under which options will be granted and define the list or categories of beneficiaries of the options as described above, determine the conditions under which the price and the number of shares may be modified, particularly should the Company carry out financial transactions;
- determine the period(s) in which the options granted must be exercised, with the constraint that the exercise period may not exceed ten years from the date of granting;
- provide for the possibility of temporarily suspending the exercise of options for a maximum period of three months should the company conduct financial transactions which involve the exercise of a right attached to shares.

7 - Notes that this authorization, valid for a period of twenty-six months from the date of this General Meeting, supersedes, for the unexpired period, the unused portion of the authorization granted in the fourteenth resolution of the General Meeting of June 24, 1999.

Fourteenth resolution

The purpose of this resolution is to renew the authorization given to the Board of Directors by the General Meeting of June 24, 1999 to cancel, if it deems it appropriate, up to 10% of capital stock.

The Extraordinary General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, authorizes the Board of Directors, in accordance with article L.225-209 of the Commercial Code, to cancel company stock acquired in accordance with authorizations granted by General Meetings, as follows:

- the Board of Directors is authorized to cancel, on one or more occasions, at its own discretion, any or all of the shares acquired pursuant to the authorizations of share buyback operations, up to a limit of 10% of capital stock per 24-month period and to make the corresponding reductions in capital stock;
- the difference between the purchase price and the par value of the shares shall be partly charged to the legal reserve, for 10% of the cancelled capital, with the remainder to be deducted from issue premiums.

This authorization is granted for a period of twenty-four months from the date of this General Meeting to the Board of Directors to carry out, or delegate the execution of, all steps, formalities and declarations to cancel the shares and make final the reductions in capital stock, and to update the bylaws accordingly.

Fifteenth resolution

The purpose of this resolution is to increase the maximum number of Directors making up the Board of Directors and to modify article 9 of the bylaws accordingly.

The Extraordinary General Meeting, having reviewed the report of the Board of Directors, decides to increase from 14 to 15 the maximum number of Directors making up the Company's Board of Directors.

As a result, the first paragraph of article 9 of the bylaws is to be modified to read as follows:

The company has a Board of Directors made up of at least three members and not more than fifteen members, except in the event of a merger when this limit is waived in accordance with applicable regulations.

Sixteenth resolution

The purpose of this resolution is, on the one hand, to modify the bylaws to allow the use of means of telecommunication and facilitate shareholders' participation in General Meetings, and on the other to update the bylaws in line with the new French Commercial Code as well as update the wording of the Company's corporate purpose.

a - *The first modification is designed to allow the Board of Directors to hold certain meetings via any authorized means of telecommunication once applicable legislation and regulations allow this, and to alter articles 11 and 12 of the bylaws accordingly*.

The Extraordinary General Meeting, having reviewed the report of the Board of Directors, decides to authorize the Board of Directors to hold some of its meetings via any authorized means of telecommunication in accordance with the provisions of applicable regulations, and consequently to add to or modify the bylaws as follows:

IN ARTICLE 11

New paragraph 5 Under the conditions set out in applicable regulations, meetings may take place via any authorized means of telecommunication. Directors taking part in meetings via any authorized means of telecommunication will be deemed to be in attendance for the calculation of the quorum and for majority voting. The Chairman of the Board of Directors, or otherwise the author of the notice of meeting, will inform the persons invited of the means to be used for the meeting.

IN ARTICLE 12

Paragraph 7, *changed* Any Director may be represented by a fellow Director. The proxy, which can be valid for only one meeting, may be given by letter or by any authorized means of telecommunication. The holder of the proxy may not have more than two votes, his or hers included.

b - *The second modification is designed to allow shareholders to take part in General Meetings via any means of telecommunication once applicable legislation and regulations allow this, and to alter article 18 of the bylaws accordingly.*

The Extraordinary General Meeting, having reviewed the report of the Board of Directors, decides to allow shareholders to take part in General Meetings via any means of telecommunication and accordingly to insert two new paragraphs between paragraphs 2 and 3 of article 18 of the bylaws:

IN ARTICLE 18

New paragraph 3 Under the conditions defined by applicable legislation, any shareholder can send in documents for proxy voting or voting by mail either in paper form or, subject to a decision by the Board of Directors mentioned in the notice of meeting and invitation, by any means of telecommunication.

New paragraph 4 Under the conditions defined by applicable legislation, any shareholder can, subject to a decision by the Board of Directors mentioned in the notice of meeting and invitation, take part and vote in any General Meeting through any means of telecommunication which allow the person to be identified. This shareholder will then be deemed to be in attendance for the calculation of the quorum and for majority voting.

c - *The third modification is designed to authorize the public broadcasting of the General Meeting by any means of telecommunication and to alter article 18 of the bylaws accordingly.*

The Extraordinary General Meeting, having reviewed the report of the Board of Directors, decides to insert a new paragraph 5, after the new paragraph 4:

IN ARTICLE 18

New paragraph 5 Public broadcasting of the General Meeting via any means of telecommunication is authorized subject to a decision by the Board of Directors mentioned in the notice of meeting and invitation.

The *former* paragraph 3 is unchanged and becomes paragraph 6.

d - *The fourth modification is designed to allow shareholders to sell their shares even after having blocked them in order to take part in Shareholders' Meetings and to alter article 18 of the bylaws accordingly.*

The Extraordinary General Meeting, having reviewed the report of the Board of Directors, decides to insert a new paragraph 7 after paragraph 6 in article 18:

IN ARTICLE 18

New paragraph 7 Any shareholder who has voted by mail or given a proxy to another person by providing a certificate issued by a bank, broker or other financial intermediary stating that the shares have been placed in a blocked account, may nevertheless sell all or part of the shares for which the vote by mail has been cast or the proxy given, subject to the following condition: that the intermediary designated by the company receive at the latest on the day before the General Meeting the information required to cancel the vote or proxy or modify the corresponding number of shares and votes.

The former paragraphs 4 to 13 are unchanged but are now numbered 8 to 17.

e - *The fifth modification is designed to make the bylaws consistent with the provisions of the new French Commercial Code and to modify articles 1 and 7 of the bylaws accordingly.*

The Extraordinary General Meeting, having reviewed the report of the Board of Directors, decides to replace, in article 1 of the bylaws, the words "of the Companies Act (Law 66-537) of July 24, 1966" with "of the Commercial Code" and, in article 7 paragraph 4, the words "articles 356-1-2 and 356-1-3 of the Companies Act of July 24, 1966" with "articles L.233-9 and L.233-10 of the Commercial Code".

f - *The sixth modification is designed to update the Company's corporate purpose and to alter article 3 of the bylaws accordingly.*

The Extraordinary General Meeting, having reviewed the report of the Board of Directors, decides to update the Company's corporate purpose and modify it as follows:

Paragraphs 3, 5, 6, 7, 8, 9 and 10 of article 3 are canceled. The current paragraphs 4 and 11 are modified and renumbered 3, 4 and 5 as follows:

IN ARTICLE 3

Paragraph 3, *changed*	the manufacturing, processing, treatment, enhancement and distribution of any natural or synthetic products or substances, whether simple or composite, especially in the following fields: silicon, silica and silicates, glass and glass-based products, all metals and ferrous or non-ferrous alloys, all composite or bonded materials made from mineral, vegetable or synthetic fibers, or from cement, lime, plaster, sand or any other ingredients, plastics, refractory products, ceramics, abrasives and any products related thereto or derived therefrom.
Paragraph 4, *changed*	the distribution, marketing and sale of these materials, products or substances, as well as, more generally, those related directly or indirectly to housing, the building industry and urban equipment.
Paragraph 5, *changed*	the research and development of all types of engineered materials and products, as well as their applications; the use in whatever form, singly or jointly, of the results of these researches, and of any patents, processes, trademarks, models and any other industrial or intellectual property rights, any private ownership or domain-name custody; the purchase, sale or transfer of such rights.

Paragraphs 1 and 2 are unchanged and paragraphs 12 and 13, unchanged, are renumbered 6 and 7 respectively.

Seventeenth resolution

The purpose of this resolution is to give the necessary powers to implement the decisions taken by the Meeting and to complete the legal formalities.

The Extraordinary General Meeting gives full powers to the bearer of an original or duplicate copy of the minutes of the present Meeting, or of an extract thereof, to carry out all necessary formalities.

Special report of the Statutory Auditors

on regulated agreements

For the year ended December 31, 2000

To the Shareholders of Compagnie de Saint-Gobain

As Statutory Auditors of Compagnie de Saint-Gobain, we present below our report on regulated agreements.
In application of article 225-40 of the Commercial Code, we were informed of the agreements previously approved by your Board of Directors.
Our responsibility does not include identifying any undisclosed agreements. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of article 92 of the March 23, 1967 decree, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.
We conducted our review in accordance with the standards of our profession. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents.

Agreement with BNP Paribas

Directors concerned: Messrs. Beffa, Messier and Pébereau.
At its meeting of January 27, 2000, your Board of Directors approved contracts with BNP Paribas for the provision of bridge loans and firm loans, as well as related contracts, covering the financing of the public tender offer for UK-based Meyer International Plc.
The tender offer made by Orchardflint, then a subsidiary of Compagnie de Saint-Gobain, closed on March 27, 2000.

Agreement with Orchardflint

Director concerned: Mr. d'Hautefeuille.
At its meeting of January 27, 2000, your Board of Directors approved the formation of Orchardflint, a company governed by the laws of England and Wales, to act as the vehicle for the public tender offer for Meyer International Plc. The Board also approved various contracts between Compagnie de Saint-Gobain and Orchardflint, the purpose of which was to permit the successful completion of the tender offer and its financing.
During 2000, Compagnie de Saint-Gobain underwrote a GBP 870 million share issue by Orchardflint to finance the acquisition of Meyer International Plc. Orchardflint was no longer a direct subsidiary of Compagnie de Saint-Gobain at December 31, 2000.

Agreement with Mr. d'Hautefeuille

Directors concerned: Messrs. Beffa and d'Hautefeuille.
At its meeting of July 27, 2000, the Board of Directors authorized the signature of an agreement between the Company and Mr. d'Hautefeuille concerning the resumption, as from September 1, 2000, of the latter's employment contract relative to his new function, as well as the recognition of his pension rights and various other provisions.
In application of the decree of March 23, 1967, we were informed of the following agreements entered into in prior years, which remained in force during the year.

Agreements with Saint-Gobain Pam (formerly Pont-à-Mousson)

Fiscal consolidation agreement

The fiscal consolidation agreement signed with Saint-Gobain Pam on July 24, 1998 remained in force during the year ended December 31, 2000.

General assistance contract

In application of the general assistance contract of September 18, 1991 and its additional clauses, your Company collected fees totaling € 12,360,652 from Saint-Gobain Pam.

Paris, March 29, 2001

The Statutory Auditors

Befec – Price Waterhouse Member of PricewaterhouseCoopers		S.E.C.E.F.
Mike MORALEE	Christian MARCELLIN	Jacques TENETTE

Special report of the Statutory Auditors

on financial authorizations

For the year ended December 31, 2000

To the shareholders of Compagnie de Saint-Gobain

1 – Authorization to issue shares and share equivalents

In our capacity as Statutory Auditors of Compagnie de Saint-Gobain and as required by the Commercial Code, we present below our report on the proposed issues of shares and share equivalents.

1.1 - Authorization to be given to the Board of Directors, as provided for in article L.225-129 III of the Commercial Code, to issue shares and share equivalents (ninth and tenth resolutions)

The ninth resolution concerns an authorization to increase the capital stock by issuing, with preemptive subscription rights, common stock, separate share warrants and/or other marketable securities which may give immediate or later access to common stock in the Company, and/or by capitalization of premiums, reserves, profits or similar. The maximum par value of common stock which may be issued is limited to € 760 million and the maximum nominal amount of debt securities which may be issued is limited to € 3 billion.

The tenth resolution concerns an authorization to increase the capital stock by issuing, without preemptive subscription rights, common stock, separate share warrants and/or other marketable securities issued by the Company or by subsidiaries which may give immediate or later access to common stock in the Company, and/or by capitalization of premiums, reserves, profits or similar. The maximum par value of common stock which may be issued is limited to € 760 million and the maximum nominal amount of debt securities which may be issued is limited to € 3 billion.

The Board of Directors is seeking the necessary powers to set the terms and conditions of these issues and, in the case of issues carried out under the tenth resolution, to cancel shareholders' preemptive subscription right.

We have reviewed the proposed issues and performed all the procedures that we considered necessary in accordance with the standards of the profession in France.

The issue price of the common stock, the basis to be used for the conversion or exchange of the share equivalents and the exercise price of the subscription rights have not yet been determined and we therefore cannot and do not express any opinion on the final terms of these issues or the proposed cancellation of shareholders' preemptive rights to subscribe for issues carried out under the tenth resolution, the principle of which is consistent with the rationale behind the operations submitted to shareholders for approval.

As required by article 155-2 of the decree of March 23, 1967, we will issue a further report when the issues are carried out by the Board of Directors.

1.2 - Authorization to increase capital stock by issuing shares reserved for members of the company savings plan (eleventh resolution) and authorization to grant stock purchase options (thirteenth resolution)

We have reviewed:

- the proposed terms of issue of new shares reserved for employees of the Company or some or all of its affiliates (eleventh resolution);
- the proposed method of determining the purchase price of shares (thirteenth resolution);

and performed all the procedures that we considered necessary, in accordance with the standards of the profession in France.

We have no observations to make concerning these proposed terms and methods.

1.3 - Authorization to be given to the Board of Directors to issue common stock reserved for Saint-Gobain Savings Plans (twelfth resolution)

The purpose of the twelfth resolution is to permit the issue of common stock to Group employees in the United States through Saint-Gobain Savings Plans, a French simplified corporation *(société par actions simplifiée)* registered with the Nanterre Companies Register under reference B 434 565 057, in connection with employee savings operations organized for the employees of the Group's US subsidiaries.

The issue price of the new shares subscribed by Saint-Gobain Savings Plans may not be more than 20% lower than the average of the opening market prices quoted for existing shares on the first market of the Paris Stock Exchange over the twenty trading days preceding the date of the decision of the Board setting the terms of the share issue.

The maximum aggregate par value of stock to be issued under this resolution will be € 16 million. This amount will be deducted from the total aggregate par value of shares that may be issued in accordance with the eleventh resolution, € 64 million.

The Board of Directors is seeking the necessary powers to set the terms and conditions of these issues and to cancel shareholders' preemptive subscription right.
We have reviewed the proposed share issue and performed all the procedures that we considered necessary in accordance with the standards of the profession in France.
Subject to our review of the terms of the proposed share issue, to be set at a later date, we have no observations to make concerning the method to be used to set the issue price, as described in the report of the Board of Directors.
The issue price of the common stock has not yet been determined and we therefore cannot and do not express any opinion on the final terms of the issue or the proposed cancellation of shareholders' preemptive rights, the principle of which is consistent with the rationale behind the operation submitted to shareholders for approval.
As required by article 155-2 of the decree of March 22, 1967, we will issue a further report when the issue is carried out by the Board of Directors.

2 – Cancellation of shares acquired under the buyback plan (fourteenth resolution)

In our capacity as Statutory Auditors of Compagnie de Saint-Gobain and as required by article L. 225-209, paragraph 4, of the Commercial Code in the case of a capital reduction, we present below our report on the proposed capital reduction to be carried out by cancelling shares.

We have reviewed the proposed capital reduction and performed all the procedures that we considered necessary, in accordance with the standards of the profession in France.
The capital reduction would be carried out in connection with the buyback of Compagnie de Saint-Gobain shares representing a maximum of 10% of capital stock, as allowed under article L. 225-209, paragraph 4, of the Commercial Code. A new share buyback authorization is being presented for approval at the Extraordinary General Meeting which, if granted, will be valid for a period of eighteen months.
The Board of Directors is seeking a twenty-four month authorization to cancel shares acquired pursuant to the authorizations to buy back shares, up to a limit of 10% of capital stock per 24-month period.
We have no observations to make concerning the reasons for or terms of the proposed capital reduction, the implementation of which is dependent on the approval, by the Extraordinary General Meeting, of the proposed share buyback plan.

Paris, April 23, 2001

The Statutory Auditors

Befec – Price Waterhouse
Member of PricewaterhouseCoopers

S.E.C.E.F.

Mike MORALEE

Christian MARCELLIN

Jacques TENETTE